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BUSINESS WEEK

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All out for Latin America — as Macy starts a "good neighbor" merchandise fair across the country.

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CENTS



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HOW SPECIAL OILS HELP SPEED
NEW BASES FOR U. S. A. PLANES

THE CUTAWAY PICTURE at the left shows why this "ground breaker" is a tough customer for oil.

That piston inside races up and down, hammering the tool into the ground. It is driven by compressed air. As the air expands, it "sweats" water on the walls inside the cylinder.

Oil must be specially made to resist the "washing" of this water. It must maintain a tough film to minimize wear and seal the piston against "blow-by."

Backed by 76 years of experience, Socony-Vacuum has created an oil to do this job. In fact, our engineer can recommend a *correct* Gargoyle oil or grease for every machine made.

Today—these lubricants are helping speed new air bases and army camps.

SOCONY-VACUUM OIL CO., INC.—Standard Oil of New York Div.—White Star Div.—Lubrite Div.—Chicago Div.—White Eagle Div.—Wadhams Div.—Southeastern Div. (Baltimore)—Magnolia Petroleum Co.—General Petroleum Corp. of Calif.

TO HELP MAINTAIN
CAPACITY PRODUCTION
CALL IN

SOCONY- VACUUM



*for Correct
Lubrication*

WASHINGTON BULLETIN

WHAT THE WASHINGTON NEWS MEANS TO MANAGEMENT

Henderson's Week

Last week Nelson took over the war economy. This week, with an express mandate from the War Production Board to ration all goods and commodities sold at retail, Henderson took over the civilian economy. Rapid conversion of industry to war work—the immediate effort of Nelson's board—and rationing of civilian supplies—the job assigned to Henderson's Office of Price Administration—go hand in hand. Civilian supplies, particularly food and clothing, must be stretched to meet the needs of at least 800,000,000 people, our own and the Allies.

All Down the Line

Rationing won't be applied all at once to the necessities of life but it's inevitable for lots of them. Certainly, rationing won't stop with sugar. It will extend to many foods—meats, dairy products, lard, coffee, tea, cocoa, some canned vegetables and fruits, jams, and maybe cereal products, depending on next year's crops at home and abroad; to clothing, both under and outer garments for both sexes, soap, gasoline, fuel oil, shoes, electric bulbs, possibly coal.

All these probably will be rationed by a card system at the retail level.

Individual needs of persons, businesses, and whole trades or professions will govern the rationing of commercial and consumer durable goods—those, at least, that don't disappear entirely.

The durable-goods category includes automobiles and trucks, radios, vacuum cleaners, and plumbing, heating, and laundry equipment. Rationing in this category will be handled largely through trade channels but the public board system, such as has been established for tires and autos, will grow.

Price-Rationing Relation

WPB's grant of rationing authority to OPA didn't just happen to come on the day the long-fought price control law was finally passed by Congress; it was really planned that way, and for the obvious reason that price control and rationing measures are closely geared to each other.

Rationing couldn't succeed without price control, for a shortage of goods made available to civilians would immediately skyrocket prices. Conversely, rationing fortifies price control by arbitrarily confining the demand for scarce goods to the volume available.

Setting the Ceilings

With the exception of the weakened controls for the fixing of prices on agricultural products, the price law is about everything the Administration hoped for when it first asked for such a measure six months ago. A single administrator—Henderson—will have authority to fix prices on commodities and rents in specified defense housing areas, and violators will be subject to fines up to \$5,000, imprisonment up to a year. To buttress enforcement further, he will also have power to issue and revoke licenses for wholesalers and retailers in any commodity line. His regulations can be appealed to a six-man board of review.

Agricultural prices cannot be fixed except at the highest of the following four levels: 110% of parity, market price as of Oct. 1, market price as of Dec. 15, and the average price from 1919 to 1929 (BW-Dec. 13'41, p40). Further, the Secretary of Agriculture will have the power to veto any ceiling.

• **Closing the Loophole?**—There's considerable speculation that Henderson may be able to get around the restrictions imposed on fixing agricultural prices by putting ceilings on food at the wholesale or retail level. If a limit is set on flour, it's very much like setting one on wheat.

Hoarding Is Big Problem

Rationing is already off to a bad start. Effective only when sprung on the public without warning, its purpose as regards sugar (page 70) was crippled by open haggling in high places. Stocks were decimated by long hoarding.

There's already a rush to stock up on woolen clothes, blankets, rubbers and galoshes. It will be the same for a dozen other lines, now that the public knows what's on foot. What's actually to be rationed is bound to be known from coast to coast before 100,000,000 ration books can be printed.

Moral suasion won't prevent hoarding in this country any more than it has in others. Definite rationing regulations, with stiff penalties attached, will be necessary.

Making Alliance Work

The three Anglo-American control boards created this week are a part of the broad new supply pattern. Stop thinking in terms of the United States, or Britain, or Soviet Russia (page 46); think in terms of the United Nations.

Everything is being pooled—raw materials, munitions, food and clothing supplies—as well as armies, ships, planes.

Harry Hopkins and Lord Beaverbrook will handle munitions—in consultation with Russia, China, and Dutch producers in the Far East. Sitting at a huge control map in Washington, Rear Admiral Emory Land and Sir Arthur Salter will route the biggest fleet ever assembled under one command.

• **Supplies for All**—William L. Batt and Sir Clive Baillieu will operate the biggest commodity exchange in history. They will boost production of the products they need within the United Nations, buy wherever they can (mainly Latin America) to fill shortages, and re-channel age-old trade routes to fit the new international picture.

It's no longer a foregone conclusion that British Empire tin will be smelted in empire refineries, or that there will be an abundance of cotton in America just because there are huge warehoused supplies here now. It's the job of the Batt-Baillieu board to see that every product from the whole area of the United Nations is used where it does the greatest good, and that all civilians—as far as transportation and personal tastes warrant—share equally the supplies likely to be available.

Radio Curtailment

The radio industry, following automobiles, moved toward practically complete conversion this week, with WPB's order cutting production by an average of 35% to 45% in the next 90 days. Deeper cuts are certain by the time this order expires because WPB significantly remarks that this 90-day output plus dealers' stocks will be ample to meet replacement requirements—as the industry moves on to \$2,000,000,000 of Army and Navy orders for the coming year.

Conversion will be accomplished with less strain in the radio industry than in others. The big five in manufacture of commercial equipment and parts—Bendix, RCA, General Electric, Western Electric, and Westinghouse—will make the critical plane, tank, and other specialized equipment. Most others will make ordinary equipment for the services and go ahead with whatever civilian output is permitted. Many concerns will quit the business.

More Priorities Aid

To help small manufacturers switch from non-essential to essential civilian and war work, WPB this week simpli-

"IS IT ON THE RIVER?"



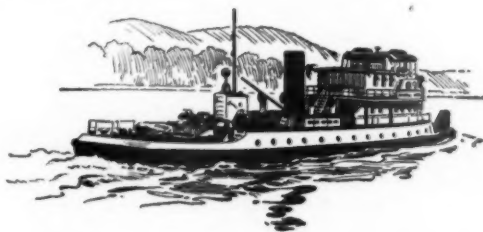
ONE of the first questions to be considered in the location of a new plant is whether or not River Transportation facilities are available. To those who are responsible for the placing of plants, this question increases in importance as the Defense Program grows. The heavy load which has been imposed upon our entire transportation system is being eased by increasing use of the rivers, in proportion to the expansion of the facilities with which they are equipped.

This expansion, by reason of the struc-

tural simplicity of the standard barge, is accomplished with an economy of steel and other strategic materials which is, in itself, a valuable contribution to National Defense.

In war or in peace the rivers will continue to flow and Barge Line Companies will continue to give increasingly fast, efficient and economical service. When the war is over and the ways of peace are resumed, the men

who are responsible for the location of plants will continue to ask "Is it on the River?"



AMERICAN BARGE LINE CO.
PITTSBURGH, PA.

CAMPBELL TRANSPORTATION CO.
PITTSBURGH, PA.

UNION BARGE LINE CORPORATION
PITTSBURGH, PA.

fied its Production Requirements Plan (BW—Nov. 29 '41, p15). Less paper work is involved and reports on needs for critical materials will be promptly handled. Where possible, priorities assistance will be given to enable manufacturers to carry on present operations while they are bridging the conversion gap, but WPB warns that there is no intention of maintaining non-essential concerns which make no effort to tie into the war program.

Congress's Tax Plans

Congressional tax leaders are bucking the Administration. They favor going easy on corporations, heavy on individuals. But the rank and file, jittery in an election year, are cool to suggestions advanced this week by Chairman George of the Senate Finance Committee: (1) a flat tax of 5% on gross wages and salaries of individuals to raise half of the requested \$7,000,000,000, and (2) either a general sales tax or a tax on the "primary profits"—sales less basic costs—of corporations, a form of sales tax similar to the "added value" tax favored by the Treasury (BW—Dec. 27 '41, p7). George would not reduce present income-tax exemptions or raise corporate rates any further. Only concession he would make to the drive against profits is for a "super-tax" on excessive war contract profits (page 14) to balance loss of revenue from non-war industries.

• **Rich Relief**—The Treasury is fighting back. Senator George's proposal to grant tax exemption to 10% or 20% of personal income if invested in a special series of government bonds is interpreted as a scheme to cut high-bracket income taxes.

Morgenthau Forgets

Secretary Morgenthau points with pride but the record points back.

At a press conference following the Cleveland speech in which the Treasury head advocated federal taxation of outstanding as well as future issues of state and local securities, he said that he had never committed himself against such action. It's no great matter. War does things to government and people—but the Treasury's files don't bear out the reservation made by its chief.

A press release dated Mar. 14, 1941, announcing a test action against seven bondholders of the Port of New York Authority, read: "The present action represents no change in the Administration's policy of seeking to tax only the future issues of state and municipal securities. Secretary Morgenthau has consistently voiced opposition to proposals which would subject the interest on out-

standing state and municipal securities to federal taxes."

Profits vs. Anticipations

To the average business man, a profit in hand is worth two in the works. But to the average congressman, it's the other way around. Take the Vinson Committee report on naval contracts; it points out that profits on completed contracts ran to 6.53%, on uncompleted contracts to 8.33% (page 72). And the committee goes on from there to say: "The almost 2% difference in the profits on completed and uncompleted contracts indicates that as the defense program progresses, the profits to contractors are increasing and will continue to increase unless steps are taken to halt the trend."

But it may be equally true that busi-

ness men, instead of making more money as they complete their contracts, make less money. Perhaps their anticipations of profits are greater than the actuality. Perhaps they see more in the uncompleted contract than they realize on the completed job; perhaps unforeseen costs arise, and what started out to be an average 8.33% return comes down to 6.53%.

Drive for Higher Wages

Statutory price control, finally enacted this week came too late and is too ineffective to stave off the imminent threat of a new wave of wage demands. Already the curve of real wages has begun to turn downward (BW—Jan. 17 '42, p13). On the heels of the steel workers' decision to ask a \$1-a-day wage boost for Little Steel, the C.I.O.

Nelson's Knowlson—A Driver in a Key Job

When War Production Chief Nelson manned his organization, he put James S. Knowlson in the key administrative post—the Division of Industry Operations, where everything depends on smooth working relations with industry.

All the manufacturing industry branches will head up in Knowlson's division, which exercises the priorities power, the power to compel acceptance of war orders and the power to requisition tools and materials. Upon this division also will fall the brunt of the job of converting whole industries to war production.

Nelson and Knowlson are old friends. Knowlson is president of Stewart-Warner Corp. and a hard-driving executive. Last spring Nelson prevailed on Knowlson to join him in Washington. In OPM, he was Nelson's deputy director of priorities. Knowlson is a fairly sizable, handsome guy with a sharp profile and gray hair. He's good-natured, but there's no fooling in his sharp, quick decisions.

Nelson stresses that Knowlson's job is getting as much conversion of industry to war work as possible. In many cases, conversion will continue on an individual plant basis as contracts arranged by WPB's Production and Purchases Divisions with the War or Navy departments are fed into it. But where the approach involves an industry as a whole, the Division of Industry Operations will take on the job. In some industries,



this will involve selection of companies that will operate entirely on war goods and those that will continue making a minimum supply of the industry's commercial products for essential civilian use.

Knowlson announced appointment of his two principal division executives this week. Both are graduates of OPM. Philip D. Reed, General Electric's board chairman, will head Industrial Branches. That was his job under Knudsen. C. H. Matthies-sen, Jr., put in charge of Priorities, was at one time assistant deputy director of priorities in charge of operations and recently assistant deputy director in the Materials Division. He came to Washington last February from Hawaiian Pineapple Co.

STEAM Heats America . . .

Producing heat is only part of the heating job. Putting heat where you want it, when you want it is the big job—the job modern Steam Heating does best. See fact story below. For details write Warren Webster & Company, Camden, N. J.

DELAWARE HOSPITAL ENJOYS COMFORT OF MODERN STEAM HEAT

Webster Moderator System Gives Continuous, Even Heat in New 10-Story Hospital Building

MODERATE COST OF HEATING

Problem of Steam Distribution and Control Solved for Each of Three Hospital Units

Wilmington, Del.—The heating of the new Delaware Hospital presented a problem in steam distribution and control that led to the selection of a Webster Moderator System of Steam Heating for each of the three units in the beautiful U-shaped building. Carl A. Baehr, Chief Engineer, says:

"With the Webster Moderator System, we get the continuous, even heat so essential in hospital operation. Steam is produced in our oil-fired boilers. Webster Control holds steam consumption to a minimum so that the cost of this luxury heat is surprisingly low."



Unit No. 1, New Delaware Hospital
Wilmington, Delaware

Unit No. 1 of the new Delaware Hospital was occupied in 1940. It includes a 4-floor private pavilion, operating and delivery rooms, x-ray laboratory, physio-therapy department, offices and dining rooms.

Unit No. 2 of the new Delaware Hospital was occupied in 1941. It includes a 4-floor ward and clinic pavilion, emergency receiving department, business office, clinics, some private rooms, the central supply station and internes' quarters.

Unit No. 3 is the new Nurses' Home, a 6-story building, ready for occupancy in 1942.

There is a total of 17,695 sq. ft. of installed direct radiation in Unit No. 1; 14,045 sq. ft. in Unit No. 2; and 8,500 sq. ft. in Unit No. 3.

Massena & duPont, Wilmington architects, designed the building. Jaros, Baum & Bolles, of New York, served as Consulting Engineers, designing the mechanical installation.

Turner Construction Co., of Philadelphia, was the general contractor, and Benjamin F. Shaw Co., of Wilmington, made the heating and piping installation.

WASHINGTON BULLETIN (Continued)

executive board has served notice that it will ask for "substantial" increases in all forthcoming contract negotiations. It's a safe bet that A.F.L. unions won't be far behind.

With strikes practically barred—by the War Labor Board agreement and, if that fails, by war-intensified congressional and popular pressure—wage rates become a matter between the government and the unions. Imminence of this issue—and of a slew of others like it—is what has precipitated the whole labor unity issue in the last two weeks.

Formation of the six-man A.F.L.-C.I.O. committee provides immediately, as far as the Administration is concerned, many of the advantages which would come from organic unity of the two federations. William Green, George Meany, and Dan Tobin of A.F.L. and Philip Murray, R. J. Thomas, and Julius Emspack of C.I.O. can speak for organized labor as a whole.

Presidential Strategy

Appointment of the A.F.L.-C.I.O. committee, as regards timing at least, is the President's riposte to John L. Lewis's effort to cut labor away from the Administration. F.D.R.'s scheme is based on the view that labor unity can't be created by fiat of a negotiating committee, must arise through the slow process of working together on specific issues.

Job of the committee is about what it wants to make it. Present conception is that it will work with the Administration in formulating broad policies on such issues as wage procedure, adaptation of social security to the war, conversion of industry, and labor priorities (when they come, probably late this year).

• **Industry Group Planned**—Consideration is being given to the appointment of a parallel group representing management. Such a set-up would give industry a voice at a higher level of policy-setting than is reached by the industry advisory committees attached to the industrial branches.

Watching Lewis

The six-man labor committee will not concern itself with settlement of specific jurisdictional disputes between the two federations. These will go to the War Labor Board. But inevitably it will start threshing out the underlying problems of overlapping jurisdiction that stand in the way of amalgamation. Inclusion of Julius Emspack is significant. Relationship of his electrical workers to the A.F.L. electricians is one of the toughest issues to be met.

Big question mark is John L. Lewis's next move. Lewis lieutenants are puzzled and jittery. They admit that the mine boss has taken a beating for the moment, but they're wondering if he won't attempt another sensational coup. One possibility is that he might join with die-hard elements in the A.F.L. to form a new labor group. Hutchinson's carpenters and even Tobin's teamsters are mentioned in this connection. Alternatively, Lewis, in a big gesture of reconciliation, could return to C.I.O.-New Deal orthodoxy, wiping out his hatchet units—District 50 Mine Workers, and Denny Lewis's construction workers.

Holding the Bag

The War Production Board is allocating new burlap, of which Army is taking two-thirds of supply (sandbags, camouflage cloth), but has done nothing to prevent hoarding of old bags. To the Department of Agriculture, this means that buyers holding 10-oz. burlap bags needed for wool and combine-thrashed grains will have growers by the short hair. Osnaburgs, heavy sheetings, and paper will go a long way toward taking care of other crops.

The D. of A. is trying to sell WPB on an extensive program of conservation and reuse of fabric coverings. Meanwhile, it is doing a lot of experimenting—baling wool-like cotton, and using a paper liner in 8-oz. burlap bags.

• **Suggestion**—Some D. of A. men even have the hardihood to suggest that the net-weight cotton trading bill—one that would bar payment for the fabric wrapper—should be pushed to discourage loading bales with burlap covering.

Jesse Jones is reliably reported as planning to buy 200,000,000 yd. of osnaburgs for stockpile. It will accumulate slowly under present circumstances.

Capital Gains (and Losses)

The Navy Department called up the other day and asked for a copy of Lloyds' register.

Radio stations will soon begin rounding up 200,000 men, young and old, for training as radio operators and engineers.

Assured that the war won't tear away their foundations, the ladies won't have to diet, but the canary birds' world is crumbling. They won't even get their hempseed.

WPB (War Production Board) would have been the WPA (War Production Administration) but that combination of initials was already pre-empted.

—Business Week's
Washington Bureau

FIGURES OF THE WEEK

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
THE INDEX (see chart below)	*168.9	†166.9	164.1	161.6	145.5
PRODUCTION					
Steel Ingot Operations (% of capacity)	97.3	97.7	96.1	97.6	97.1
Automobile Production	79,930	75,625	24,620	105,635	121,948
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands) . . .	\$23,906	\$17,699	\$10,511	\$36,852	\$20,917
Electric Power Output (million kilowatt-hours)	3,440	3,450	3,234	3,221	2,996
Crude Oil (daily average, 1,000 bbls.)	4,311	4,046	4,081	3,870	3,599
Bituminous Coal (daily average, 1,000 tons)	1,883	†1,842	1,792	1,771	1,609
TRADE					
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	84	76	86	87	75
All Other Carloadings (daily average, 1,000 cars)	52	47	47	63	43
Check Payments (outside N. Y. City, millions)	\$6,325	\$5,735	\$7,276	\$5,697	\$5,282
Money in Circulation (Wednesday series, millions)	\$11,077	\$11,062	\$11,224	\$9,634	\$8,541
Department Store Sales (change from same week of preceding year)	+45%	+31%	+7%	+23%	+9%
Business Failures (Dun & Bradstreet, number)	241	260	161	253	307
PRICES (Average for the week)					
Spot Commodity Index (Moody's, Dec. 31, 1931 = 100)	225.9	223.5	217.8	211.7	174.4
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100) . .	153.2	152.5	149.1	146.8	121.7
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100) . .	178.2	176.9	171.4	151.2	130.5
†Finished Steel Composite (Steel, ton)	\$56.73	\$56.73	\$56.73	\$56.73	\$56.73
†Scrap Steel Composite (Iron Age, ton)	\$19.17	\$19.17	\$19.17	\$19.17	\$20.42
†Copper (electrolytic, Connecticut Valley, lb.)	12.00¢	12.00¢	12.00¢	12.02¢	12.02¢
Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.26	\$1.26	\$1.21	\$0.98	\$0.84
†Sugar (raw, delivered New York, lb.)	3.74¢	3.74¢	3.50¢	3.59¢	2.95¢
Cotton (middling, ten designated markets, lb.)	19.78¢	18.91¢	17.57¢	16.61¢	10.12¢
†Wool Tops (New York, lb.)	\$1.279	\$1.279	\$1.274	\$1.256	\$1.273
†Rubber (ribbed smoked sheets, New York, lb.)	22.50¢	22.50¢	22.50¢	22.95¢	19.45¢
FINANCE					
90 Stocks, Price Index (Standard & Poor's Corp.)	70.7	71.0	67.8	82.6	82.7
Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's)	4.28%	4.28%	4.42%	4.27%	4.35%
U. S. Bond Yield (average of all issues due or callable after twelve years)	2.01%	2.00%	2.02%	1.90%	2.02%
U. S. Treasury 3-to-5-year Note Yield	0.46%	0.46%	0.64%	0.35%	0.43%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6-months, N. Y. City (prevailing rate)	½%	½-¾%	½-¾%	½%	½-¾%
BANKING (Millions of dollars)					
Demand Deposits Adjusted, reporting member banks	24,426	24,169	23,994	24,381	22,898
Total Loans and Investments, reporting member banks	30,211	30,233	30,293	28,646	25,684
Commercial and Agricultural Loans, reporting member banks	6,721	6,728	6,784	6,011	5,055
Securities Loans, reporting member banks	850	925	954	902	923
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks . .	15,339	15,259	15,173	14,593	12,720
Other Securities Held, reporting member banks	3,673	3,666	3,678	3,549	3,677
Excess Reserves, all member banks (Wednesday series)	3,580	3,560	3,056	5,181	6,864
Total Federal Reserve Credit Outstanding (Wednesday series)	2,383	2,390	2,499	2,248	2,256

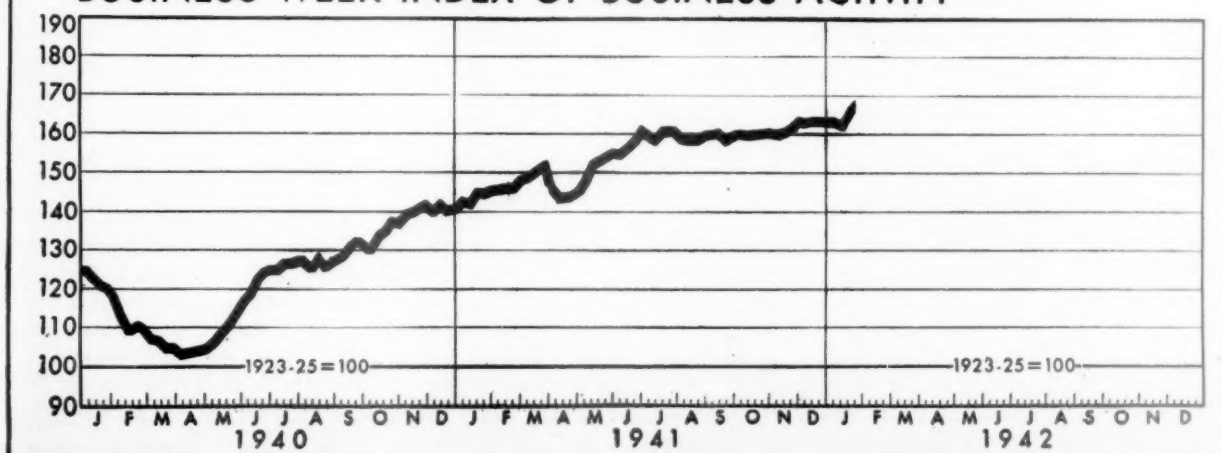
* Preliminary, week ended January 24th.

† Revised.

§ Date for "Latest Week" on each series on request.

‡ Ceiling fixed by government.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





When the Nation hurries, it turns to the telephone

THE country is making over 85,000,000 calls a day right now — local and Long Distance — and that keeps us stepping.

We've added hundreds of thousands of miles in wire and cable and tens of thousands of people to the Bell System. We are doing everything else possible to keep things going smoothly.

But, if once in a while your calls don't

go through as promptly as they did in peace times, please remember that business is not as usual with us. The telephone is tied tight into the war.

P. S. This is a good time to make just a little more certain to give the correct number and to answer promptly. The best time to make Long Distance calls is in the off-peak periods—before 10 in the morning, between noon and 2 P.M. or after 8 in the evening.

Now—more than ever before—LONG DISTANCE helps unite the Nation



THE OUTLOOK

Tighter Controls—All Along Line

Managed economy now virtually a fact, with War Board directing flow of materials, fixing prices, and getting ready for extensive civilian rationing. Wages are next big problem.

Intensification of government control over all industry—from the production of raw materials to the distribution of finished goods among the ultimate consumers—became increasingly evident this week as:

(1) President Roosevelt and Prime Minister Churchill simultaneously announced the formation of three Anglo-American committees to coordinate shipping, munitions, and raw materials "in accordance with strategic needs" of the war.

(2) Donald M. Nelson named Leon Henderson civilian rationing czar and empowered James S. Knowlson, director of the Division of Operations of the War Production Board, to allocate materials among manufacturers, commandeer plants, and compel business men to accept war orders.

(3) Congress, at long last, passed the price-control bill.

Extension of Allocations

The net effect is that we are now operating in a close-to-all-out managed economy. Straight down the line the government will be directing the flow of goods from mine and farm to manufacturer, ally, or ultimate consumer. This is a radical change from the loose procedure originally adopted by the Administration. At first it was thought that government management of business could be kept down to a minimum. By a system of priorities, the Administration hoped to provide critical war industries with critical materials; what was left over would then be available for civilians. But now it is found that allocation must reach out to every department in our economic life—from the war industries right down to retailers.

Retail Price Control

Price control has gone through a similar process of expansion. At first, Henderson extended control only over prices of basic raw materials—steel, copper, lead, rubber, hides, textiles, etc.—on the theory that, if basic raw materials could be held in check, then prices in the subsequent along-the-line manufacturing processes also would stay put; at least, there would be no upward pressure from below (BW—Apr. 12 '41, p. 80). But advances in wage rates and increased operating expenses at peak-load-

and-higher speeds of production have forced upward revisions of prices by manufacturers, wholesalers, and retailers. So price control today is reaching out to the retail counter.

Civilian Rationing

At the same time civilian rationing has become unavoidable. Here is something that as recently as June, 1940, when France fell, was virtually inconceivable. Then it was hard to imagine that America—with its immense supplies of foodstuffs, textile materials, and man-power—would run low on civilian supplies of nondurable goods. But although it is unlikely that we will ever have general rationing of all civilian purchases, the restrictions are just beginning (Washington Bulletin, page 5).

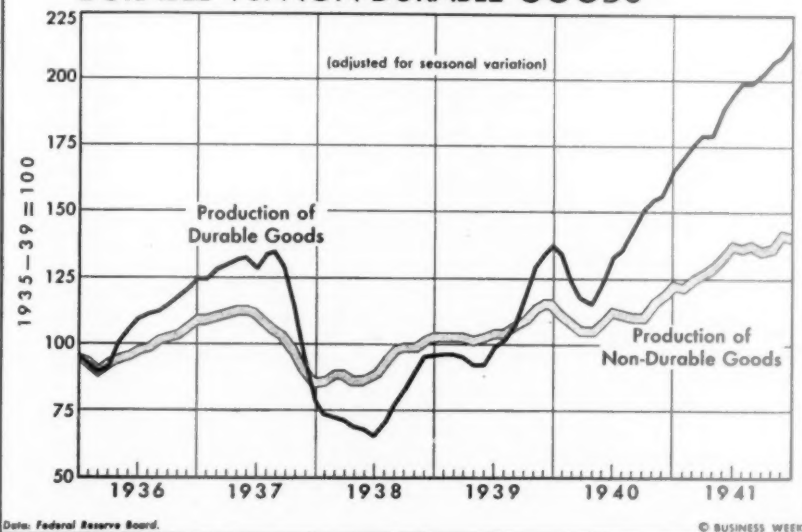
In Washington, for example, serious discussions are taking place about rationing the use of automobiles in order to save tires; for, if the war goes on for several years, it may be necessary to take tires off pleasure cars for the use of defense workers who travel from home to job by auto. And if that ever becomes necessary, the government won't want tires that are all worn out.

Meanwhile, the automobile industry this month completed its passenger-car runs. Manufacturers strove for ceiling operations to complete as many assemblies as possible. Light-truck production will continue through the first 10 days of February; after that, except for heavy-truck manufacture and replacement parts, the auto industry will be an arms industry. Employment, incidentally, is expected to reach at least 150% of peak peacetime levels.

Auto Inventory Problem

The shutdown leaves some plants in an uncomfortable inventory position. They hold heavy stocks of steel sheets, bars, and strips in warehouses; but the steel conforms to S.A.E. specifications,

IN THE OUTLOOK:
DURABLE VS. NON-DURABLE GOODS



Here you see what happens when a nation produces for war. The durable-goods industries spurt sharply, and the spurt carries upward the nondurable. But that was during the period of taking up the slack, when the output of ships, planes, tanks, guns, etc., did not impinge directly on civilian manufacturing, when there was room for expansion. From now on, the

curves are not likely to move in such direct relationship to one another. Whereas durable-goods output will continue to expand, nondurable production will begin to flatten out, or even taper off, because of (1) potential shortages of raw materials and (2) difficulties in obtaining replacement equipment for plants manufacturing civilian goods.

not Army specifications. Unless military authorities change their requirements, this material may have to gather dust—and perhaps rust—in storerooms for the duration.

Steel itself has become an arms production bottleneck. Operations continue at an unusually high level—around 97% of capacity; however the rate this year has been consistently under the 97.9% schedule of the week before Christmas. Scrap shortages have kept furnaces down—first here, then there—and the industry has been unable to maintain maximum output of ingots.

Government "Persuasion"

To develop new supplies of scrap, Lessing J. Rosenwald, the WPB's conservation chief, offered auto graveyard owners the option of voluntarily disposing of their scrap promptly or having their supplies requisitioned (page 18). Such "persuasive" disgorgement of scrap is apt to spread—further evidence of the extension of government control over business.

The big problem immediately ahead for business men, government, and the ultimate consumer is what happens to wages. The C.I.O. executive council has advised leaders to ask for substantial increases in view of the increased cost of living (page 72). It is noteworthy, however, that on a weekly basis, wage rates—even allowing for recent rises in living costs—are at virtual top levels: 7.5% ahead of December a year ago, and 21% above the level prevailing when the war started in September, 1939.

War-Profit Curb?

Despite buildup, flat limit is not in accord with tax plans of Administration or desire of production officials for speed.

A flat limit on war contract profits isn't likely in spite of the fire built up for it by congressional investigating committees. More disturbing is the prospect that Congress may go for a war-profits recapture tax, though that wouldn't hurt as much as a profit ceiling.

The House Ways and Means Committee and the Senate Finance Committee will balk at embodying a statutory limit on profits in the next tax bill. As an independent measure, it is given practically no chance. So sponsors hope to saddle it on the tax bill when that reaches House or Senate floor.

• **Senator George's Idea**—That looks like a forlorn hope, but in the meantime Senator George, chairman of the Finance Committee, may gain support for his inclination to recapture a portion of war profits by a special tax. The Administration apparently still is figur-



ONE FOR ALL

To save rubber, Leo A. Lerner, editor of a community paper near Chicago, organized a Victory Car Club. Any car owner who regularly drives to work can join without charge. He's lumped with neighbors who work

similar hours, and thereafter each takes his weekly turn driving the others to work. Club No. 1 last week had 49 cars daily serving localities from the Loop to the Buick plant in Melrose Park. The idea has caught on; 800 to 1,000 Victory cars (four or five to a car) now are running.

ing not only that taxes will help to win the war but that the war will help to win heavy corporate excess profits taxation. Senator George, however, doesn't see any big revenue to be got out of hitting corporations harder (page 5).

The Army, Navy, and Nelson's WPB regard a statutory limit on profits as complicating the production problem. • **Some Votes, But**—In a congressional election year, political capital can be made by attacking war profits. But profit limits won't sit well with those business men who are now beginning to realize that they've got to get a piece of war business or have no business at all. On the other hand, profit limits on war business won't attract to the war job those business men who (save where they have bumped into Administrator Henderson's price ceilings) are still enjoying uncontrolled profits on civilian business.

Most of the arguments pro and con war-profit limits have been paraded before. Just 16 months ago, Congress repealed the Vinson-Trammell Act, which limited profits on aircraft and naval vessels to 7%, in favor of a general excess profits tax. This move had the support of the Administration.

• **Tangle of Red Tape**—John D. Biggers, then with the Defense Commission, testified in August, 1940, that the obstacle raised by the Vinson-Trammell Act to procurement of war supplies was not the profit limit per se but the tangle of red tape in which the law tied up every contract. The act extended beyond the primary contractor to subcontractors.

Limiting the profits of prime con-

tractors without limiting the profits of subcontractors would simply be inviting collusion to inflate the costs on which the prime contractor's statutory percentage is figured.

• **Legislative Proposals**—Senator Walsh, chairman of the Senate Naval Affairs Committee, is talking about a bill limiting the profit on naval contracts to 5% or 6% (presumably on the gross amount) to serve as a foundation for profit limitation on all war production. Chairman Vinson of the House Naval Affairs Committee is drafting a bill to apply profit limits not to individual war contracts but to profits realized by war contractors over a period of time. This, at least, would give the contractor a chance to even out.

The Vinson committee's report on its probing into war profits fell rather flat, after months of ballyhoo, when it showed that the average rate of profit on Navy contracts is 7.99%—before or after taxes? (page 72). The impact was lessened, too, by the report's spotty character. The committee dug up a good many cases of profits of 100% or more on contracts for a few thousand dollars, and found quite a few instances of profits of 15% to 50% on fairly substantial contracts, but made no claim that it had uncovered any general profiteering.

• **Committee's Attitude**—However, the report pointed to those cases it did unearth as sufficient evidence of need for "some method of profit limitation," requirement of uniform cost accounting by Navy contractors, and provision in contracts for re-negotiation when profits are excessive.

Speeding the Auto Conversion

Kanzler serves notice that ordinary methods are "out" for the duration, and companies in turn, hoping red tape is cut, push coordinated program to hasten maximum war production.

When Ernest C. Kanzler took over last week as boss of the automobile industry for the duration, there were no lingering doubts as to the extent of his authority or the kind of job he was expected to do. As field chief for the War Production Board, he was vested with all the powers of the government to see that conversion of the auto industry to war work is carried forward at maximum speed. And he promptly served notice on representatives of some 800 auto and parts companies that the rules of the game were to be different—"from now on."

• **What It Means**—On their part, the companies, both large and small, were quick to see the significance of Kanzler's appointment. They saw that it meant that all ordinary methods of doing business will be "out" as munitions deliveries are pushed from a December figure of \$130,000,000 to the point where over-all delivery requirements of \$5,250,000,000 for 1942 can be met (BW—Jan. 17'42, p16). They saw that it meant 100% retooling for war pro-

duction, and that authority would be wielded to fit individual situations—that whatever steps were necessary would be taken to acquaint the industry with the best and quickest methods.

In Kanzler, too, the men of the automobile industry saw one of their own kind, a man who knew automobile production because he had been a production man. And they hoped that this, plus the authority that he carried, would mean at long last the cutting of the red tape in which they have been struggling for months.

• **Full Responsibility**—Kanzler's own responsibility for bringing work to idle machines is complete. WPB's Production Division can go to him and ask what auto-industry facilities are available for specific Army or Navy contracts. Or he can go to the Production Division or the Purchases Division, tell them what plants and machines are available to make particular things, see that surveys are made, and get the orders for the companies.

Whether on the getting or the re-

ceiving end of the deal, it is up to Kanzler to get results.

Both management and labor will assist this new boss—but strictly in an advisory capacity. On problems broad enough to affect the whole industry, whether from a management or labor standpoint, Kanzler may consult the old Ching committee that is replaced by Kanzler. He may listen to both sides, and either management or labor may be represented in any conference that he has with the other.

• **Across Company Lines**—Pooling of equipment will not be a problem. Corporate lines will be disregarded, and to this extent the basic concept of the Reuther Plan (BW—Jan. 17'42, p60) will be effectuated. Whether this will be sufficient to satisfy the United Auto Workers, still lacking an actual voice in management, remains to be seen.

Differences between companies will be resolved solely with regard to the end result. Two companies may be capable of producing an identical item, but one may be able to get under production more rapidly than the other. The one that can move faster will get the order.

• **Getting under Way**—Among the purposes of last week's full-dress meeting of the Automotive Council for War was explanation of basic policies already developed and put into operation by groups of practical managerial and production executives. Confidential copies



Purposes of the full-dress meeting of Automotive Council for War Production, in Detroit, were (1) to acquaint

Ernest Kanzler, chief of automotive section, War Production Board, with the industry's facilities and (2) to

let him explain approved basic policies of production to 800 executives from plants in 30 cities.

AUTO MEN BUCKLE DOWN FOR KANZLER

Trained for law rather than production, Ernest Carlton Kanzler nevertheless has production jobs behind him about which, if pressed, he will talk a bit proudly. Best one, he thinks, was turning over inventory every 15 days when he was with Henry Ford & Son, Ford Motor tractor division during the last war.

• **How He Did It**—Freight cars were scarce in those days. Kanzler beat that by unloading parts from cars the morning of arrival, assembling the parts into tractors during the day, and having the finished machines loaded back in the same cars that night. It wasn't easy. To keep things moving that fast he often drove his own automobile over to the Kelsey-Hayes factory, loaded the back end full of tractor treads, and rushed them back to Ford.

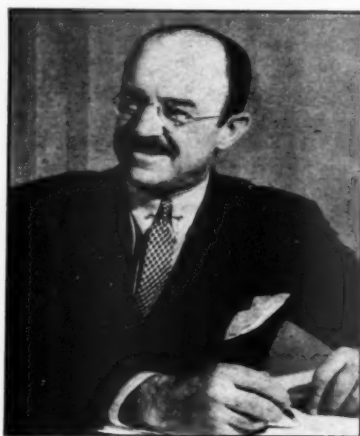
And if Kanzler was willing to soil his hands and turn his own car into a truck to keep parts moving—and fast—he also was willing to badger his suppliers. The president of one large automotive parts company tells how he, under Kanzler's incessant prodding, often similarly loaded parts into his own car and drove across the city as fast as the law allowed so that tractors might come off the line on schedule.

• **Knudsen and Kanzler**—When William S. Knudsen shanghaied Kanzler to Washington early this year to head OPM's automotive branch, it was because they had worked together in the old days at Ford and Knudsen knew his capabilities—even though Knudsen didn't stay with Ford long after Kanzler moved up out of the tractor works.

Donald M. Nelson's appointment of Kanzler to direct the changeover of the automobile industry to war production (BW—Jan. 24 '42, p. 7) recognized the same qualities. Kanzler is tough. He has outstanding organizational sense. He has shown uncanny ability to pick the right man for a job.

• **From Law to Tractors**—Born at Saginaw, Mich., 50 years ago, son of parents who emigrated from Germany, he received his A.B. from the University of Michigan in 1912. Three years later he graduated from Harvard Law School and was admitted to the bar in Michigan.

Practice of law was but an inter-



lude in his career, however. In 1916 he took the job with Ford tractor division—an appointment that has always been attributed in Detroit to the fact that he and Edsel Ford married sisters and that a close personal and business relationship resulted. Be that as it may, he hadn't been in the tractor plant long before his aptitude for efficient production organization was recognized.

• **Big Job with Ford**—When Kanzler took charge of all production for Ford Motor Co. in 1920, it was his record in the tractor plant that won him the job. He was directly charged with synchronizing the flow of incoming parts so that there might be no recurrence of the heavy overproduction of Ford cars that was just then at its worst—causing the company peremptorily to request dealers to accept shipment and thereby lighten the burden.

From 1920 to 1926 he was in charge of production for Ford, working with Charles E. Sorensen, now general manager, all of the time, and part of the time with Knudsen. His insight into the automobile industry's organization and its mechanical facilities comes from those years.

• **Financial Ventures**—Kanzler has been away from the production end of the auto industry for 16 years, and in that time he has handled two jobs. One was the organization of the Guardian banking group in Detroit, which took place in 1927—the year following his resignation from a directorship and vice-presidency of Ford, where he had been in charge of production. A year later he organized the Universal Credit Co. to handle instalment financing for Ford dealers throughout the United States.

In both undertakings he proved himself an able organizer and a good executive—this despite the fact that the Guardian institutions foundered in the banking crash of 1933. Kanzler, after getting the organization started had spent his time from 1928 until shortly before the crisis building up Universal Credit, although at the end he was chairman of the board of the holding company that controlled all of the Guardian banking and investment institutions—called back by the directors in a vain effort to stave off financial difficulties resulting from the depression.

• **Industry Enthusiastic**—Because the automobile industry has been put in a bad light with the public, both by labor and the Truman Committee, Kanzler's injection into the picture is most opportune, in the opinion of various industry leaders. Not only because he once was directly in the industry and should be able to do a better job than an outsider but also because they hope Kanzler is the fellow who can help overcome recent criticism, he is welcomed with open arms. Consequently the cards are stacked in his favor at the outset.

of immense shopping lists—the things that are wanted from the industry—were passed out.

And, of course, other obvious purposes were to bring about the proper blending of authority and teamwork in launching the Kanzler setup and to let the country know about the industry's plans for putting its vast resources into the defense program.

• **Bringing Them Together**—For the first time, the meeting brought together all of the various interests that actually make up the automobile industry.

Working through the Automotive Council for War Production are six organizations: Automobile Manufacturers Assn., Automotive Parts and Equipment Manufacturers Assn., Motor and Equipment Manufacturers Assn., National Standard Parts Assn., Automotive Tool and Die Manufacturers Assn., and Society of Automotive Engineers.

Each of these groups is now working on some or all phases of a plan that is already in effect. Steps taken to promote free interchange of facilities, patents, and process knowledge, so that

maximum output of arms can be achieved in the shortest possible time, fall under these heads:

• **Tooling Information**—The Automotive Tool and Die Manufacturers Assn. has been selected by a group of auto master mechanics to serve as the clearing house for information on installed toolroom equipment and tool hours available but unassigned in all units in the industry—auto and body plants, parts suppliers, and jobbing tool and die shops. With competitive drawbacks no longer existing, tool work will be done

wherever facilities are immediately available—Ford work at Fisher Body tool shops. General Motors retooling in Chrysler or Briggs plants, if necessary.

Through an enlarged force of tooling experts, A.T.D.A. will make a complete listing of toolroom equipment and hours for the entire industry and will bring together supplier and user of tool services for prompt negotiations. L. D. Middleton of Ford is chairman of this activity.

• **Tool and Equipment Service**—An organizing committee composed of seven master mechanics and executives drafted a program under which firms will report all machine tools and equipment not now used in the war program. Returns are already being made by 1,500 concerns receiving the simplified report form, which is designed so that an experienced man can determine whether a particular machine might meet his requirements. It is estimated that 150,000 out of 350,000 machine tools in the industry will be reported to W. J. Cronin of the A.M.A. staff.

Data will be transferred to the Holter punch-card system, making information accessible by type of tool, size, location. If lists are not too bulky, they will be provided to all members of the industry, and made available to other defense contractors, the armed services, and WPB; otherwise, in the most practical manner. This service will also list equipment assigned to defense work but not immediately usable thereon, with an indication of the time for which it will be available to other concerns. Each company will designate an official to negotiate the use, lease, or sale of listed equipment.

• **Contract Information**—All firms have been asked to designate an official who will handle war contracts. Detailed shopping lists, covering an immense volume of work but still incomplete, are being distributed, showing (1) general character of work for which sources are sought by firms preparing to subcontract, (2) description of specific pieces wanted, (3) type of equipment needed to produce the pieces wanted. Reports are asked from firms seeking subcontracts, forms being available for standardized data on types of machines and facilities available, types of work sought, and previous experience and present war contracts.

Parts makers and other possible subcontractors were advised that trunkloads of blueprints on strange types of work were currently arriving, and that some time would be needed for prime contractors to familiarize themselves with job requirements. Lack of ability in taking on subcontracts for a given type of war material should not be reason for despair. So immense and broad is the job assigned to the automotive industry that there is unlimited hope of business for those who have something

to offer. It is up to the subcontractor to find out where he can help.

• **Product Subdivisions**—Industry members engaging in similar work will pool information on methods of production. A firm engaging on a specific undertaking retains its authority to handle the contract according to its program, but will be kept up to date in its field regarding methods and equipment through subcommittees of the Automotive Council for War. These groups, staffed with production men and S.A.E. technical talent, are:

Aircraft engines—chairman, Nicholas Dreyfuss, general manager of Cadillac.

Airframes—chairman, Clarence Bleicher, vice-president, De Soto.

Ammunition—chairman, E. A. Clark, vice-president, Budd Wheel.

Artillery—chairman, R. G. Waldron, Hudson Motor.

Small arms—chairman, W. C. Williams, vice-president, General Motors.

Marine equipment—George Christopher, vice-president, Packard.

Military vehicles—chairman, I. B. Babcock, president, Yellow Truck.

Propellers—chairman, David Thomas, vice-president, Bendix.

Tanks—chairman, E. J. Hunt, manager, Chrysler Tank Arsenal.

• **Accent on Ingenuity**—Importance of ingenuity in operating existing equipment was stressed by K. T. Keller, Chrysler president, at last week's meeting. He urged development of processing methods whereby munitions parts can be taken off slow general-purpose machine tools and transferred to mass-production machinery, regardless of

cost. O. E. Hunt, G. M. vice-president, pointed out that automotive engineers and other specialists could take a big load off the shoulders of the military by working out replacement parts schedules, establishing repair depots where needed, and going right up to the front to study weaknesses of equipment and reporting back needed changes to the production line.

UNCLE SAM, IMPORTER

The government, in a new emergency move, has become the country's sole importer of 14 metals and minerals and six agricultural products. Even deliveries of these materials which were contracted by private importers or manufacturers many months ago must now be turned over to the government when they reach this country.

The order, General Imports Order M-63, covers antimony, cadmium, chromium, copper, graphite, kyanite and Sillimanite, lead, quicksilver, rutile, tungsten, vanadium, zinc, zirconium, asbestos (from Rhodesia and South Africa), hides and skins, rapeseed, coconut, palm, and tung oil, and copra.

The Metals Reserve Co. in most cases will take over the metals when they reach this country, and in the future will handle all imports. Also, for the present, the Defense Supplies Corp. has requested that the Metals Reserve Co. handle all arrivals of the agricultural and livestock products. But in all cases the government intends to work through established brokers and dealers in making foreign purchases.



Some of the pickets' placards displayed patriotic notes, some demanded greater unemployment benefits as 3,000 Fisher Body workers marched around the State Capitol in Lansing, Mich., last week in a protest against further layoffs during the conversion of the auto industry. The Michigan unemployment compensation fund expects a maximum of 280,000 workers to be out of jobs by mid-February;

U.A.W. (C.I.O.) insists the total will be much higher. Oddly enough, fewer claims have been filed with the unemployment commission than were expected. One explanation for this condition is that many automotive workers in the Detroit area come from small towns and farms to which they are now returning. Claims will be coming to the commission soon from these upstate towns.

Seek Idle Metal

Army, government, and industry men launch search in auto "graveyards" for scrap steel; copper probe begins.

Army, government, and interested industry men are now out after hidden inventories, and this time it looks like the long-promised crackdown. They're making unannounced visits at junkyards, looking primarily for scrap steel. They're ordering owners of auto "graveyards" to disgorge. They're canvassing inventories of about 90 primary fabricators of copper.

• **Millions of Cars**—Attention this week focused on the steel-scrap search. This was heralded over the weekend when the War Production Board announced that it was launching an intensive campaign to empty the auto graveyards of between four and five million old cars within the next six months.

This job was transferred from the Iron and Steel Branch to Lessing J. Rosenwald's Bureau of Industrial Conservation. Mr. Rosenwald is sending his field agents out to tell the junkmen to begin cutting up old cars, the scrap to be sold to dealers of their own choosing. Refusal may result in a federal order, on 24 hours' notice, requisitioning the property, in which case lump-sum bids will be sought as a basis for settling the owners' claims.

• **Two Dealers "Told"**—The drive was not long in getting underway. On Monday an ordnance officer, a representative of the conservation bureau, and American Rolling Mill officials visited two auto-wrecking yards in the Butler, Pa., district, where Armco has had to curtail open-hearth furnace output due to scarcity of scrap. Both yards were warned that if they weren't willing to sell at the scrap-price ceiling the Army was empowered to take over their stocks.

One owner, who said he was moving stocks as fast as labor supply permitted, agreed to an Armco suggestion that the steel company furnish the necessary workers. The other, promising to cooperate but failing to produce a definite plan, was told to act within a week or to expect to hear from the Army.

• **30 Days' Grace**—Almost simultaneously, junkyards in four Ohio cities were visited, and owners were told to dispose within 30 days of some 4,000 tons of scrap steel in their hands.

Results of the inventory search among copper fabricators have not yet been revealed, but the industry is inclined to think this latest probe is "the real thing." Attorney-examiners of the Federal Trade Commission are doing the seeking.

NELSON, THE COORDINATOR

"I don't think there are any supermen, and I know I'm not one," said Donald M. Nelson, chairman of the War Production Board, at his first press conference following his appointment. "I don't think that at the present time I can—or any man can—see clearly what the organization ought to be."

• **Cooperation Is Keynote**—With that preface, Nelson then roughed in the blueprint of the "interim" organization which he has established (chart opposite) because "there is no time for delay." Implicit in Nelson's presentation of the War Production Board setup is an awareness of the fact that the efficient functioning of any organization depends on the ability of the men in it to work together rather than on arbitrary distinctions of rank and authority.

Similarly, the relationship of WPB to other defense agencies is not a thing susceptible of precise definition, and Nelson didn't attempt the job. Like the Supply Priorities and Allocations Board, the Office of Production Management is no more, though six of its divisions have been taken over with some changes of name and function by the WPB; a seventh division—field organization—will shortly be added.

• **Agencies on Outside**—The Office of Price Administration under Leon Henderson remains an independent agency. Other defense organizations with which WPB must coordinate its efforts include Lend-Lease Administration, Economic Warfare Board, Maritime Commission, Office of Defense Transportation, Oil Coordinator, Office of Civilian Defense, National War Labor Board, Office of Facts and Figures, Defense Communications Board, Division of Defense Housing Coordination, Office of Defense Health and Welfare Services, Office of the Coordinator of Inter-American Affairs, Office of Scientific Research and Development, Office of Agricultural Defense Relations, and the four boards coordinating Canadian and American war activities, as well as those which will shortly be established to effect a greater degree of British-American cooperation. WPB, like all these other defense agencies, is technically a subsidiary of the Office for Emergency Management, but OEM is little more than a bookkeeping and publicity agency through which salaries, budgets, and personnel problems are cleared.

• **Examples of Policy**—How Nelson is tackling the job of coordinating the

entire war effort is best demonstrated by his establishment of a new Requirements Committee under the chairmanship of W. L. Batt. This committee will make broad allocations of raw materials, in the light of total supplies and of the total needs of the Army, Navy, Lend-Lease, and other defense agencies (BW—Jan. 24 '42, p. 5). Nelson's technique of handling the tender question of procurement illustrates again his philosophy of cooperation as contrasted with arbitrary rule. The Army and Navy will continue to award contracts, but WPB's Purchases Division is assigning civilian specialists to work with the procurement officers in scheduling and placing orders.

Under the President's executive order vesting authority in the chairman of the War Production Board—not the board but the chairman—Nelson could be a czar if he wanted to be, for that broad grant of authority reads as follows: "Federal departments, establishments, and agencies shall comply with the policies, plans, methods, and procedures in respect to war procurement and production as determined by the chairman and shall furnish to the chairman such information . . . as he may deem necessary for the performance of his duties."

• **Henderson Ranks No. 2**—As a matter of broad policy, Nelson runs the war economy, and Henderson, as the dual head of the independent Office of Price Administration and WPB's Civilian Supply Division, runs the civilian economy. In his second capacity, Henderson or his designated representative will have a place on the important Requirements Committee.

Henderson will also retain control of the rationing of civilian goods. This authority, made specific by WPB this week (page 5), he will wield, oddly enough, as the Price Administrator rather than as the head of WPB's Civilian Supply Division. Ostensible excuse for this anomaly is that WPB is concerned solely with production, and rationing isn't a production problem; it's just dividing up what's left. Real reason is that Henderson as OPA administrator took the initiative in the tire rationing when OPM authorities were temporizing about letting him handle rationing as head of OPM's Civilian Supply Division; now OPA has a prior lien on rationing.

To the chiefs of all WPB divisions Nelson has delegated entire administrative responsibility and authority to discharge it.

THE NEW HIGH COMMAND



THE PRESIDENT

DONALD M. NELSON

Chairman, War Production Board
 Assistants:
 Sidney Weinberg
 Clifford Hill
 Edward Locke

REQUIREMENTS COMMITTEE

William L. Batt
 Has representatives from:
 Army
 Navy
 Land-lease administration
 Economic warfare board
 Civilian supply division

PLANNING COMMITTEE

(not yet named)

PROGRESS REPORTING

Stacy May

WAR PRODUCTION BOARD

Ex officio:
 Henry A. Wallace
 Henry L. Stimson
 Frank Knox
 Leon Henderson
 Harry Hopkins
 Jesse Jones
 By special order:
 Sidney Hillman
 William S. Knudsen
 Secretary:
 Herbert Emmerich

MATERIALS DIVISION

Handles:
 William L. Batt
 Conservation
 Commodity branches
 (raw material industries)
 Labor & management
 advisory committees
 (raw material industries)

INDUSTRY OPERATIONS DIVISION

Handles:
 J. S. Knowlson
 Priorities
 Conversion
 Industry branches
 (heavyweight industries)
 Labor & management
 advisory committees
 (defending industries)

PURCHASES DIVISION

Douglas MacKeechie

ADMINISTRATIVE DIVISION

James A. Robinson

LABOR DIVISION

Sidney Hillman

LEGAL DIVISION

John Lord O'Brien

CIVILIAN SUPPLY DIVISION

Leon Henderson

STATISTICS DIVISION

Stacy May

PRODUCTION DIVISION

Handles:
 W. H. Harrison
 Contract distribution

INFORMATION DIVISION

Robert W. Horton

One-Man Railroad

Use of strikebreakers and an injunction feature last-ditch fight of T.P. & W. owner-president against the brotherhoods.

A strike on the pattern of pre-New Deal years, complete with injunctions, strike-breakers, and bilateral violence, enters its fifth week with little prospect that it can be ended short of federal compulsion. On one side are the powerful railroad brotherhoods of locomotive firemen, enginemen, and trainmen, backed up by assorted government units. Their opponent is the compact, money-making Toledo, Peoria & Western Railroad, which is the corporate projection of its truculent owner-president, George Plummer McNear, Jr.

• **Point at Issue**—Stripped of the charges and counterclaims, this strike pivots on one point: Can McNear compel the brotherhoods to accept from his road a wage scale and working rules less costly to the employer than their national standard contract? The unions cannot afford to breach their otherwise solid front. If McNear backs down, it will be his first retreat in 16 years. Last week-end, three U. S. Conciliation Service men began hearings in Peoria's Pere Marquette Hotel, with no indication that either side would give an inch.

Disrespectfully known in its down-at-heel pre-McNear days as the Tipup & Walkaway, the T.P.&W. cuts straight east-and-west across Illinois. At Keokuk, Iowa, and Lomax, Ill., it connects with the Burlington and the Santa Fe. At its eastern terminal, Effner, Ind., it meets the Pennsylvania. En route, it crosses practically every western road. The transcontinental shipper who routes his car via T.P.&W. bypasses the congestion of Chicago terminals.

• **Secret of Success**—Therein lies the secret of the little road's gross annual revenues above two and one-half millions. Most of this is "overhead traffic," transcontinental freight taking the short cut. In three recent years the road's passenger revenues were \$23.57, \$65.83, and \$79.33—caboose fares from thumbing farmers.

The road was long defunct, and in 1925 a federal court invitation for bids on the property produced not a flurry. In 1926 McNear, then investigator of investments for Wall St.'s Guaranty Co., 35, blondish, tall, and built like a track-gang foreman, bid in the road for \$1,300,000. The earnest money of \$65,000 represented all he had, plus all he could borrow on personal credit. He confirmed the sale with another \$65,000 provided by his father. Ninety days later he squeaked out a bank loan for the balance, and thereby achieved

the probably unique status of personally owning a (barely) Class I railroad.

• **A Cornell Engineer**—Peorians hunting information on their new resident found his record clean and unexciting. A Cornell-trained mechanical engineer, he spent a few years at his profession with the New York Central, du Pont, a consulting firm, and the A.E.F. In 1919 he went to the Guaranty. As he prowled the financial manuals and the legal notices, the T.P.&W. caught his eye. He took two weeks to walk from one end to the other of the 230-mile road. On his findings, he bought the seedy little property.

The employees promptly discovered



Determined to run his own railroad on his own terms—or else—George McNear, sole proprietor of the money-making T.P.&W., is engaged in a bitter-end, pre-New-Deal-style fight with the unions. Trains still run.

they had a boss they must respect but could hardly be expected to love. The big guy knew his job, worked all the time—and was hell-bent on making his hired hands do likewise. In 1929 the T.P.&W. got a strike in its short ribs. To break it, McNear hired railroaders from elsewhere. He himself rode a locomotive, and his wife dispensed pots of hot coffee to shivering guards. The trains kept moving, and very few strikers regained their jobs.

• **Always in the Black**—In every year of his management, the road has made money. Total funded debt is only a million and a half. When McNear needed half a dozen high-speed 4-8-4 locomotives to shorten his runs, he bought them on open account and paid

for them out of earnings. The road's equipment is now tops in quality, its traffic volume grows steadily. Workers get year-end bonuses of one week's pay.

After their 1929 rout, most of the national railroad unions were held at arm's length. In 1940, a labor election brought back the brotherhoods. Their first demand was for contracts identical with those they held everywhere else. McNear was meanwhile demanding a schedule that would produce more money per year for the workers, and lower per-unit costs for the employer. His formula: Let the employees do more work, forgo all featherbed rules.

• **Continuous Deadlock**—Negotiations made no progress then, have made none since. Both sides held firm to their original positions through months on end of mediation, requests to arbitrate, threats, and name-calling, until eventually the unions voted a strike for Dec. 9, 1941. In the wave of patriotism that followed Pearl Harbor, negotiations were resumed, with both sides still standing pat, and McNear demanding that Washington appoint a fact-finding commission "to give a thorough airing to the featherbed rules."

To understand what happened next in the labor dispute requires a background of the lusty McNear legend. Peoria people who know him best start their tales with some such prelude as, "George can be one of the most delightful men you ever knew. He plays a grand game of tennis—in fact, he'd rather play tennis than eat, and he built a big truss-roofed indoor tennis court which every labor organizer in town uses effectively to stir up dislike for George and other wealthy men."

"If you go after George in the right way, he gives more generously to charities and civic programs than anyone in town—and if you go at him wrong, he won't even see you. He's a veritable genius at rubbing folks the wrong way."

• **No Concessions**—Of Peoria's many explanations of McNear, the friendliest is that he is too logical for comfort. If a course strikes him as factually correct, he adopts it without regard for the emotional complications which may follow, and he makes no concessions to anyone. A typical McNearism: Long-faced luncheon speakers moaned that a civic drive had fallen short of its goal. McNear grew fidgety, finally interrupted one orator's rounded paragraphs with, "Well, for heaven's sake, how much are you short?"

"Over \$2,800."

"On a quota of \$250,000, that's barely 1%. All right, I'll send my check for \$2,500. The rest of you ought to be able to scrape up \$300." And he dashed back to work, leaving his table companions several degrees above boiling.

• **Ready Fighter**—McNear has law-suited and feuded with practically every

"They tell me tanks are
important machines,
too!"



"MY DRAFT BOARD seems to think Uncle Sam could get along without me in the Army — but that doesn't mean I'm out of the defense picture! Not as long as speed in industry is important, anyway!

"This Model M Comptometer isn't exactly a 40-ton tank — but it sure puts the 'blitz' on figure work, and it's mighty important to my company in helping to 'keep 'em flying'!

"So I feel like I'm doing my part. Because our management has to have accurate figures, and have 'em fast. And I know from experience that no adding-calculating machine can turn 'em out like the Comptometer. As for operating accuracy — every key stroke I make has to be passed by the Comptometer's exclusive Keystroke-Censor, which means operating *confidence* and top operating *speed*! On this machine, too, there are no

distracting zeros appearing on the answer dial, unless they're part of the actual answer — so I can read off answers a lot faster, with less chance of incorrect reading. (That's *another* exclusive Comptometer feature!)

"Sorry I don't have time to tell you about streamlined Comptometer *methods*, too — here comes another batch of rush figure work!"

• • •

To learn how Comptometer machines and methods handle "*more figure work in less time at lower cost*," telephone your local Comptometer Co. representative . . . or, if you prefer, write to Felt & Tarrant Mfg. Co., 1733 N. Paulina St., Chicago, Ill.

COMPTOMETER

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the market
data
we need on
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New York?"*



**"Try our bankers—
Marine Midland
Trust Company"**



**MARINE MIDLAND
TRUST COMPANY**
of New York
120 BROADWAY

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Peorian worth fighting. Not only does he marvel at the consequent ill-will he stirs up, but also he definitely resents his fellow citizens' reactions to logical behavior, and on occasions insults them for it. He has squabbled with both Caterpillar Tractor Co. and Keystone Steel & Wire Co., two major shippers, and in general has won his points—but there is little probability he will get much freight from either of them soon.

Nobody claimed he was legally wrong in barricading half of a state road at the edge of town, where it was being built a few feet off its lawful right of way across the T.P.&W. tracks—but all Peoria called down imprecations upon him for the months during which he stood on his rights and forced automobilists to see-saw in one-way traffic.

• **In Favor of the Wringer**—In 1938, before a Senate committee, he testified that federal loans to keep railroads afloat were all wrong, urged letting the roads go through the wringer to get fixed charges down. Thereby he became Public Enemy No. 1 to most railroad presidents. But there are indications that his present labor fight may have restored him to their favor. Nobody in management loves featherbedding (paying men for work they don't do).

After a few days of fruitless conferring in mid-December, McNear lost all patience with the waste of time. So he served one week's notice that on Dec. 29, the wage-and-rule schedule he had been urging upon the operating men would become effective on the T.P.&W. This affected less than 15% of the road's 700-odd employees. He is still surprised that 102 out of 104 affected walked out on Dec. 28.

• **Strikebreakers Hired**—Consistent as always, he hired strikebreakers and guards, resumed operations. When, next day, from his office window he saw pickets across the river stone an engine crew off a T.P.&W. switcher, he loped downstairs and across the bridge, rallied his crew, rode the engine foot-board to destination. With a few such incidents as evidence, the federal court granted an injunction against trespass and violence.

Lest it be stuck for heavy losses, the T.P.&W. maintains an embargo against highly perishable freight, but otherwise is running its normal service.

• **What's Ahead?**—The unions are demanding that the government take over the railroad and operate it "in the interests of national defense." If this should happen, Peoria is betting McNear would not take it back encumbered with an onerous labor contract, but would fight it out in court.

Most probable solution: That the National War Mediation Board will force a settlement by compulsory arbitration. Whether the indomitable McNear would accept a finding against him is anybody's guess.

Rubber—for Some

Girdles are assured of a limited quota, but many uses are banned. Reclaim will be substituted where possible.

On the theory that it is something to know where you stand—even if you stand with one foot on a banana peel—the rank and file of the rubber industry was relieved last week when the War Production Board, as one of its first administrative acts, issued, as was expected, a drastic new consumption curtailment order.

• **Civilian Quotas**—The order gets down to brass tacks, listing over 100 essential civilian uses for which rubber will still be available and, in most cases, establishing definite production quotas (page 24). These quotas are exclusive of all war orders, which include those of the Army, Navy, defense contractors, lend-lease, and sundry government defense agencies.

The order cracks down brutally on the tire and footwear industries. Henceforth, manufacturers must get specific permission from WPB to use crude rubber or latex in tires, casings, and tubes of all types, in retreading and recapping materials, and in soles and tops. Ordinary rubber heels for civilian use are out. The tire and tire products industry accounts for some 75% of total U. S. rubber consumption. The footwear industry, including heels and soles, probably is the third largest rubber consumer (mechanical goods—industrial hose, belting, etc.—are the second).

• **Sufferers**—The list of rubber products for which WPB has not provided—and which, therefore, can no longer be made of crude rubber or latex—would run into the thousands if anybody took the trouble to compile it. It includes golf balls, rubber bands, erasers, babies' pants, garden hose, shower curtains, house aprons, raincoats, and crepe-soled shoes. More than any war-born shortage to date, the rubber squeeze is going to reach down into every bureau drawer and corner cupboard of American households.

Last year, total U. S. crude rubber consumption for civilian uses was approximately 700,000 tons. War orders took an additional 66,000 tons. WPB estimates are that, by restricting civilian consumption to essential industrial, health, and civilian defense uses, the 700,000-ton figure will now be slashed by a good 75%. Expectation is that nondefense consumption will be at an annual rate of around 200,000 tons for the next two or three months and gradually will work down to 150,000 tons as truck production is curtailed and the use of reclaimed rubber is stepped up.



In Cahoots with the Stork

• You might think it pretty ticklish business to keep posted on how many people need new baby carriages each day. • In Philadelphia it all works out very simply. • A man whose business is baby carriages advertises year in and year out in *The Evening Bulletin*. Then when business peaks up (as baby business will) he knows it immediately from his *Bulletin* ads and branches out into other newspapers. • "When *Bulletin* families aren't in the market for baby carriages," he will tell you, "nobody is!"

• The story of the baby-coach business is more than a true story. It is a typical story. Many advertisers use *The Bulletin* for a barometer of business in Philadelphia.

And right now, the barometer shows "fair weather" for sales in the Philadelphia area. A little over 2% of the nation's population shop in Philadelphia. These same people have taken on 10% of the nation's Defense work.

They are the people who have built *The Bulletin* into first place. They are the people who buy 43% more

Bulletins every day* than any other daily newspaper. They are the people who spend almost twice as much time reading *The Bulletin*.

Back of their preference for one newspaper stands nearly a century of public service. Very early in the history of *The Evening Bulletin*, six full-time reporters were hired to gather news. That was just about six times as many reporters as other newspapers considered necessary, in those days.

From that time to the present—*The Bulletin* has put complete and accurate

news ahead of everything else. And for 37 years that policy has kept *The Bulletin* in first place in Philadelphia. Today, *The Bulletin* carries 69% more national advertising than any other daily newspaper in Philadelphia (excluding classifications not acceptable to *The Bulletin*).

**Recent surveys show that The Bulletin leads in preference among employees of Philadelphia Defense industries. More Defense workers name The Bulletin as 'their favorite' than name any two other daily newspapers combined. For details, address The Evening Bulletin, Philadelphia, Penna.*

IN PHILADELPHIA—NEARLY EVERYBODY READS THE BULLETIN

Rationing Rubber for Essential Civilian Uses

Here is how rubber will be doled out for essential civilian uses, beginning Feb. 1. Rubber may be used to manufacture items in List A up to stipulated percentages of average monthly consumption during the 12 months ended Mar. 12, 1941. Rubber will be available for List B items only as permitted by the War Production Board. Latex may go into List C items at given base-year percentages, but WPB's consent must be obtained to use it in manufactur-

ing products in List D. All figures are over and above war orders (including lend-lease). So far, there is no restriction on the use of reclaimed rubber, which may be used where practicable to manufacture all the items inferentially banned by the latest order (Amendment 3 to Supplementary Order M-15-b)—bathing suits, erasers, toys, sporting equipment, to name a few. The prohibition on the manufacture of reclaimed rubber tires has been removed.

LIST A

UP TO 180%

Fire hose
Mill hose
Washers and gaskets for fire-fighting equipment
Tubing for fire-fighting equipment

UP TO 140%

Conveyor belts and belting
Elevator belts and belting
Flat transmission belts and belting
Concentrator belts and belting
Hog beater belts and belting
Industrial V belts and belting
Chute lining
Cleats and bucket pads
Pulley lagging
Screen diaphragms
Belt splicing material

Acid hose
Air drill hose
Chemical hose
Dredging sleeves
High pressure wired hose
Industrial vacuum hose
Oil suction and discharge hose
Paper mill hose
Pneumatic hose
Railroad hose (all types)
Rotary drillers' hose
Sand-blast hose
Steam hose
Suction hose
Welding hose

Sheet and strip packing
Rubber-covered rolls (except printing and business machines)
Car diaphragms
Switchboard mats and matting

UP TO 100%

Polishing belts and belting
Street sweeper belts and belting
Hatter's belts and belting
Round belts and belting

Spray hose
Brewers' hose
Creamery hose
Gasoline tank wagon hose
Rubber-lined tanks, pipes, and fittings (hard and soft)

Acoustic aids
Anaesthesia equipment
Plaster bowls
Dental dam
Chip blower bulbs
Tubes, tubing, and stopples (biological, laboratory, and medical)

Urinals
Surgeons' gloves
Colostomy outfits
Pitcher bags
Orsat bags
Pessaries
Umbilical belts
Dilators
Tourniquets
Cautery bulb sets
Blood pressure equipment

Evacuators
Irrigators
Sinus bulb sets
Catheters
Invalid rings
Operating cushions
Bedpans
Surgeons' aprons
Surgical tape and bandages
Vaccine caps
Medicine droppers
Hospital sheeting (hospital use)
Trusses, maternity girdles, surgical stockings, abdominal supports

Nipples
Nursing bottle caps
Breast pumps
Breast shields
Electricians' and industrial gloves (without fabric), with or without rubberized fabric gauntlets

Deep-sea diving equipment
Occupational protective clothing, other than footwear and gloves

Vulcanizing materials, patches, cements, blow-out shoes, and similar items for repair of tires, tire casings, tubes

UP TO 80%

Printers' rollers
Engraving and printing plates
Offset blankets
Cutting rubbers
Suction cups for printers' equipment

Hollow tank balls and floats
Washers, including fuller balls and valves, which are used to control flow of liquids

UP TO 75%

Water bottles
Fountain syringes
Ice bags
Bulb syringes (ear, ulcer, nasal, rectal, vaginal, infant, politzer air)
Metatarsal pads

UP TO 70%

Quarter lining
Cements for the manufacture and repair of shoes

UP TO 60%

Rubberized fabric for firemen's and policemen's clothing

UP TO 40%

Waterproof boots, pacs, arctic, gaiters, and over-shoes made of cloth and black rubber

UP TO 30%

Plain oxfords and laced-toe gym bals with black toes, foxings, and toe caps only

UP TO 25%

Gaskets, except for consumers' goods
Molded, extruded, and lathe-cut goods, except for consumers' goods
Tubing, except for consumers' goods
Chemically blown sponge rubber goods, except for consumers' goods

LIST B

Jar rings
Container sealing compounds
Toplifts and toplifting material
Soles and tops
Soling material

Compounds for insulating wire and cable (except for building wire types R.P. and R.H., and flexible cord types S., S.J., S.V., and P.O.S.J., either 64 or 32)

Tires, tire casings, and tubes
Truck and bus
Passenger car
Airplane
Bicycle
Motorcycle
Farm implement
Industrial
Highway maintenance equipment
Off the road

Cements for retreading and recapping tires
Capping stock
Filler strip
Stripping stock
Cushion stock

LIST C

UP TO 120%

Industrial V belts and belting

UP TO 100%

Anaesthesia equipment
Dental dam
Tubes and tubing (biological, laboratory, medical)
Surgeons' gloves
Pessaries
Prophylactics

Electricians' and industrial gloves (without fabric) with or without rubberized fabric gauntlets

UP TO 70%

Cement to be used in the manufacture of new shoes

LIST D

Container sealing compounds
Tires, tire casings, and tubes



ANOTHER WALLACE

The similarity of names is certain to bring Fred S. Wallace, new head of Agricultural Adjustment Administration, blame for real and imaginary mistakes of AAA, which was created by Henry Wallace when Secretary of Agriculture. A successful Gibbon, Neb., farmer, the new AAA administrator has supported the Triple A program since its beginning.

Total civilian consumption for 1942 is estimated at 175,000 tons.

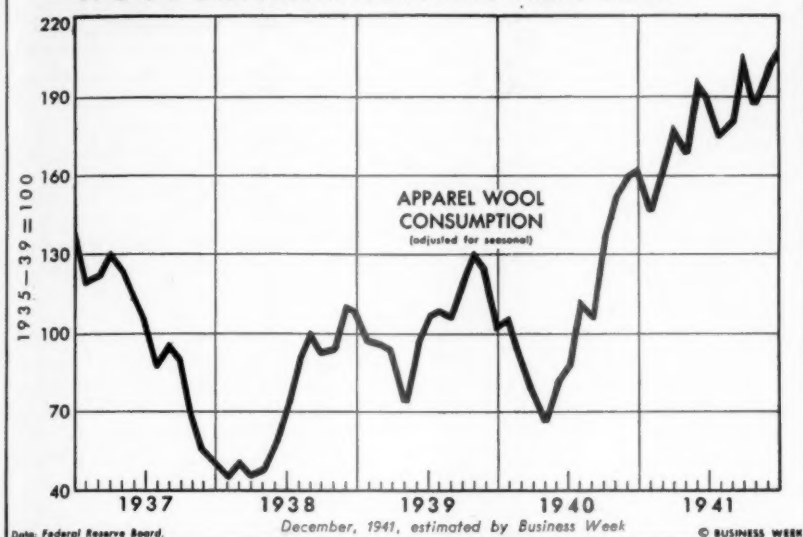
● **How Much for War?**—How much rubber war orders will take this year apparently is anybody's guess. Estimates in Washington range from an absolute minimum of 110,000 tons up to 400,000 tons. A midway figure, commonly used, is 220,000 tons. Figuring a stockpile of 600,000 tons plus, those who wish to lay essential civilian and war requirements end-to-end can roll their own estimate of how long the U. S. rubber supply will last.

The latest rubber curtailment program (Amendment No. 3 to Supplementary Order M-15-b) was completed hurriedly to take care of immediate problems. There is a chance that it may be scrapped entirely and an overall direct allocation program substituted. More likely, the switchover to allocations will be effected gradually.

● **A Break for the Ladies**—Actually, the order was undergoing modification even before it was issued. Girdle manufacturers who have painted gloomy pictures of the effect of uncontrolled contours on feminine health and national morale were virtually assured of some allotment of crude rubber and of latex to make rubber thread. Makers of rubber bands likewise probably will receive some rubber.

There also will be revisions of the

WOOL CONSUMPTION HITS NEW PEAK



production quotas fixed by the order. An example is prophylactics. Quota for these is fixed at 100% of production during the base period (the 12 months ended Mar. 31, 1941). On this particular item, however, the Army's demands are figured into the civilian quota, since Army purchasing is in the hands of individual post exchanges. Over-all demand is now running better than 200% ahead of the base period.

• **Cuts Expected**—Most revisions will be downward, however, as means are found for upping the amount of reclaimed rubber in individual products, and decreasing the use of crude proportionately. (Amendment No. 3 forbids any increase, by weight, in the amount of crude rubber or latex used in a product.)

WPB's leniency in doling out crude and latex for specific products depends to a considerable degree on the extent to which reclaimed rubber, or other raw materials, can be substituted. That is why girdle and rubber band manufacturers are expected to get some crude—reclaim lacks essential elasticity.

On the other hand, makers of babies' pants probably will not get rubber because WPB has had a look at satisfactory samples made of waterproofed rayon. Similarly, although some manufacturers of stationers' supplies claim it can't be done, officials in the rubber division have on their desks pencils with erasers made wholly of reclaim. One manufacturer is using reclaim entirely in the manufacture of garden hose and fruit jar rings.

• **Capacity a Problem**—With the exception of a few items—mostly medical and surgical supplies and products in which elasticity is a primary requisite—virtually all rubber goods contain some reclaim, and for the past six months manufacturers have been increasing its use wher-

ever possible. Main handicap is that reclaiming capacity already is running almost 100%.

Some sort of order limiting the use of reclaim is expected to be forthcoming within the next month. In the meantime most manufacturers with a diversified line are not wasting their time trying to make golf balls, bathing caps, sink stoppers and similar products of reclaimed rubber. U. S. Rubber, with the largest reclaim capacity in the industry, has stopped production of all such items. Hitch to wider use of reclaim is that there is reclaim and reclaim. There is as much difference between one grade of reclaim and another as there is between reclaim and crude.

• **Some Estimates**—Estimates on current stocks of finished and semi-processed rubber goods are a dime a dozen, and, in most cases, they are worth little more. WPB believes total tire stocks (held by manufacturers, wholesalers, and retailers) went down 75% between July and January. Stocks of all other rubber goods are figured as having decreased between 40% and 50% in the same period. Girdle stocks were better than normal at the beginning of the year, but frantic buying has depleted them woefully.

Obviously, not all manufacturers are going to be equally hard hit by the limitation order. A company specializing in industrial belts and hose can roll along at a clip equivalent to 140% of its production in the base period—not counting its war orders which are likely to be heavy. Companies with widely-diversified lines and large war orders are likely to weather the storm somewhat better than the average.

• **Possible Casualties**—Small manufacturers of toys, novelties, toilet items, and similar "nonessential" goods are hard hit. A few have already closed down.

WPB has announced its intention of taking care of these casualties with war orders wherever possible. Part of the old Division of Contract Distribution has been absorbed into the rubber branch of WPB. Companies which cannot handle defense orders directly will be given subcontracts which will enable them to keep stitching machines and similar equipment operating.

Most manufacturers welcome the choice of the year ending Mar. 31, 1941, as a base period for figuring quotas because it reached record proportions. The interim order issued Dec. 19 froze production at Nov., 1941, levels. For many companies, November is the slackest month of the year. The base period was chosen because it reflected what WPB considers "good competitive conditions" in 1940 and the impact of defense orders in the early months of 1941.

Cutting Our Cloth

U.S., fitting wool supply to war needs, now has to tailor its clothes accordingly. Retail rush starts in men's wear.

The Army estimates its need for wool at 280 lb. per soldier. That's just about twice the weight of the average warrior as he stands in his bare hide before the examining officer.

• **What's Needed**—Plans call for an army of 3,600,000 by the end of 1942. That means an addition this year of 1,900,000 men. To put this new contingent into uniforms, socks, drawers, blankets and what have you, will take 532,000,000 lb. of wool. That is more than the entire apparel wool consumption of the country in 1938.

Under the war urge, American industry consumed over a billion pounds of wool in 1941, an all-time record. Since this did not record the effects of full U. S. belligerency, the 1941 figure is only a sample of what is ahead. In a word, that foreseen wool stringency (BW—Nov. 1'41, p30) is upon us.

• **Controls Invoked**—The government has moved variously to prevent prices from going through the roof. On Dec. 17 the Office of Price Administration slapped a ceiling on wool (BW—Dec. 27'41, p66). On Jan. 3 the director of priorities restricted manufacturers' consumption of wool and took deep cuts in the yardage of wool cloth available for civilian clothing (Jan. 10'42, p74). Since then, men have been buying pants, suits, overcoats in a sedate imitation of the female stampede for silk stockings last August.

Stores are putting little emphasis on sales or price cuts. Much promotion is in the other direction—"Buy now or risk



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With wire rope indispensable on defense equipment in every branch of industry, it rates the best attention that anyone can give. And the simplest way to insure such attention is to make use of the experience offered by Broderick & Bascom engineers.

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**GENERAL CONTRACTORS • PLANT ENGINEERS • ROAD BUILDERS • ROTARY DRILLERS
LOGGERS • MINERS • QUARRY OPERATORS and OTHER INDUSTRIAL SERVANTS**

higher prices and restricted selections. In New York, the Bond clothing chain (two-trouser suits from \$25 to \$45 advertised prices averaging 84% higher, starting Jan. 26. A 23% increase in costs of woolens, 45% increase in linings, heavier labor costs were given as the reasons.

• **No Shortage—Yet—**The grand rush continues despite assurance from the trade that the shortage won't be immediately painful. F. Eugene Ackerman, of the American Wool Council, contends that wool restrictions won't really bite down until next fall unless there is unusually strong buying in between. He notes that much spring and summer cloth already has left the mills, is now in the hands of clothing manufacturers.

Beyond that the civilian outlook is pretty black. Retailers see that the present rush is buying for the future which probably will be registered in sales losses next winter.

• **Standardizing—**Clothing trade groups are holding feverish conferences with government officials. Details remain to be set but enough probabilities come into focus to scare both plain and fancy civilian dressers.

It is pretty certain that two-pants suits will have to go. Double-breasted suits, if they survive, will come without vests. There will be little variety in weaves and Oxford gray will be a prominent color.

In Philadelphia the International Association of Clothing Designers recently considered the removal of all grace notes from men's clothes. Possibilities were no trouser cuffs, no patch pockets, no pocket flaps, no unnecessary buttons.

While wool is bound to be tight, there are possibilities that may somewhat alleviate the situation. One is that wool can continue to arrive from Australia and other foreign sources despite submarine attacks. Another is that new wool can be mixed with cotton, rayon and reprocessed wool. As one manufacturer puts it, "From now on much is going to depend on the textile man's individual ingenuity."

• **Reused Wool and Labels—**Reused wool offers a wide field for immediate development. The use of this or any of the other mixtures will collide with objections from domestic wool growers, the hard-lobbying boys who put over the Wool Products Labeling Act. Idea of the sheepmen and their allies was to extend the market for new wool by requiring that all wool products carry labels showing whether they were made of (1) new wool, (2) reprocessed fiber from unused fabrics, (3) reused fiber from used rags, etc.

On Jan. 15 mixed softs were selling at 9¢ a pound, only a fraction of a cent over the previous January, while rough cloth rags were 2½¢, the same as a year ago. Fabrics of wool reclaimed from

new cloth (such as mill ends, tailor's clippings) can be of high quality. Sheep growers fear that if the public is taught to accept substitutes for virgin wool during the war period, it will continue to accept them after the war.

• **Big Stock Available**—Boston is the hub of this hubbub, wool having its place in the civic pattern along with codfish and baked beans. On gusty Summer Street, traders and mill men study their statistics and hope for the best. Barring such large unknown factors as duration of the war, further military expansions, and sinkings of wool cargoes, the figures look good.

Though consumption passed a billion pounds last year, imports were so heavy (over 700,000,000 lb.) and U. S. production so high (498,000,000 lb.) that we came into 1942 with stocks of 558,000,000 lb. This carryover is highest for any year since 1921 and is curiously close to the amount needed for the year's 1,900,000 new soldiers.

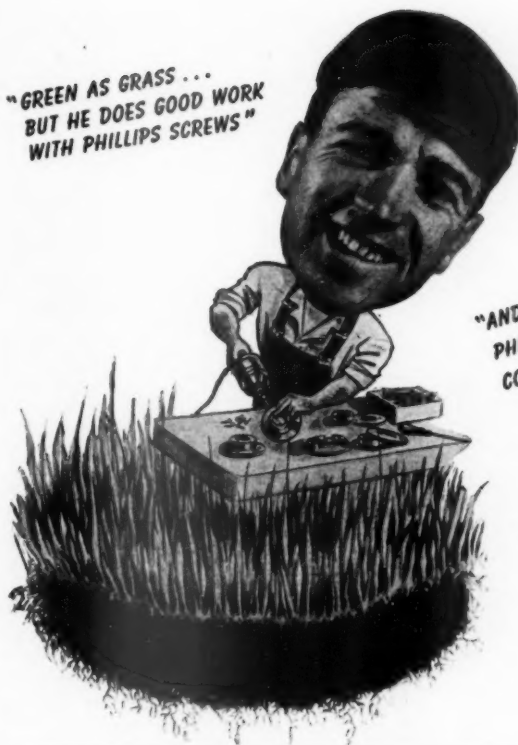
• **Price Troubles**—The trade hopes that the new price control bill will clear some of the problems resulting from the government's necessarily hasty restriction moves. The OPA order of Dec. 17 establishing maximum prices included all forms of wool up to the woven cloth. The figure set was the highest price received between Oct. 1 and Dec. 6. Some traders made no sale in that period and they are considering their supplies frozen until such time as Washington clarifies their status.

The restriction on wool supplies (Conservation Order M-73) bases consumption for the first quarter of 1942 on the company's average rate of consumption during the first two quarters of 1941. Total consumption for the current quarter is to be 80% of the base rate but there will be no limit on mills operating exclusively on war orders. The civilian quota is 50% of last year's base for worsted mills, and 40% for woolen. But Army and Navy needs will be met regardless of what happens to civilian quotas.

• **Yarn Mills on Spot**—Hardest hit by this order are small, independent plants (notably at Woonsocket, R. I.) making worsted yarns for big plants. Many such spinners work on commission, turning out yarns for civilian textiles from material owned by their customers. Since these small mills don't own the wool (tops) from which they work, they have no apparent civilian quota at all. They are faced with shutdowns unless they get in on military orders or can obtain consideration from Washington.

Another check on wool is the British system of low price ceilings on Empire supplies. Some 250,000,000 lb. of British Empire wool was announced for receipt and storage in the U. S. Last report was that 125,000,000 lb. had been received. Washington and the British have released just enough of this

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BUT HE DOES GOOD WORK
WITH PHILLIPS SCREWS"



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PHILLIPS SCREWS
COST LESS TO USE"



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Assembly jobs that demand extra patience and plenty of time when using slotted screws, can now be handled . . . in a rush . . . by green men . . . who work with Phillips Screws.

Most important — there's no danger of screwdriver slippage. The driver can't slip from the Phillips recess . . . so faster driving methods are practical. Electric and pneumatic power drivers on many jobs where their use had previously been restricted.

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One-hand starting and driving. Perfect control even when the operator is in an awkward position. No chance for crooked screws, split screw heads or other time wasters.

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Any of the firms listed below can supply further information.



PHILLIPS RECESSED HEAD SCREWS

GIVE YOU 2 for 1 (SPEED AT LOWER COST)

**WOOD SCREWS • MACHINE SCREWS • SHEET METAL SCREWS • STOVE BOLTS • SPECIAL THREAD-CUTTING SCREWS
• SCREWS WITH LOCK WASHERS**

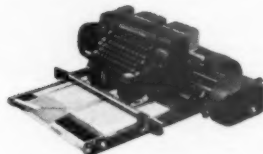
U. S. Patents on Product and Methods Nos. 2,046,343; 2,046,837; 2,046,839; 2,046,840; 2,082,085; 2,084,078; 2,084,079, 2,090,338. Other Domestic and Foreign Patents Allowed and Pending.

American Screw Co., Providence, R. I.
The Bristol Co., Waterbury, Conn.
Central Screw Co., Chicago, Ill.
Chandler Products Corp., Cleveland, Ohio
Continental Screw Co., New Bedford, Mass.
The Corbin Screw Corp., New Britain, Conn.
International Screw Co., Detroit, Mich.
The Lamson & Sessions Co., Cleveland, Ohio
The National Screw & Mfg. Co., Cleveland, Ohio

New England Screw Co., Keene, N.H.
The Charles Parker Co., Meriden, Conn.
Parker-Kalon Corp., New York, N.Y.
Pawtucket Screw Co., Pawtucket, R.I.
Phoebe Manufacturing Co., Chicago, Ill.
Russell, Burdett & Ward Bolt & Nut Co., Port Chester, N.Y.
Scovill Manufacturing Co., Waterbury, Conn.
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Just HOW important are typewriters these days? Sometimes Underwoods are installed and in operation before a new working force gets its desks and chairs. In many an office hard at work on contracts for urgently needed war materials, Underwood Typewriters are helping the staff keep pace with the constantly quickening industrial tempo.



With billions of extra dollars for war materials going into circulation, accounts receivable and accounts payable grow and grow. Ledger postings hit new highs week after week. Bills and orders multiply. And so do all the jobs that make accountants thankful for Underwood Elliott Fisher Accounting Machines.



War today is more and more a matter of engineering and engineering lives on figures . . . on the kind of calculations that the Underwood Sundstrand Adding-Figuring Machine provides so easily and swiftly.

Underwood Elliott Fisher—

It's a War of Machines *All Kinds* of Machines

*Fortunately for the United States
its mechanical office equipment
is without equal the world over*

It would be utterly unthinkable to attempt to make war machines without the aid of business machines.

Office workers without typewriters, without accounting machines, without adding and figuring machines, are at just as much of a disadvantage as foot soldiers facing tanks.

Lucky for us we are so well equipped!

The United States has more Underwood Typewriters in daily use than all the typewriters in the rest of the world put together.

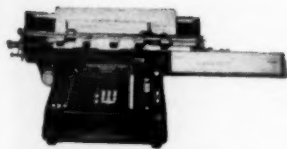
The United States has more accounting machines in daily use than all the accounting machines in all the rest of the world put together.

The United States has more adding machines in daily use than all the adding machines in the rest of the world put together.

In the war of machines this is one of the points where this country STARTS with an advantage.

UNDERWOOD ELLIOTT FISHER COMPANY
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Use Underwood Elliott Fisher supplies for top office machine performance . . . typewriter ribbons, carbon papers, etc.



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Speeds the Nation's Victory!

AVAILABLE FOR **PROMPT** DELIVERY

With production schedules constantly endangered by non-delivery of essential materials, the elimination of even one such problem is a valuable aid in maintaining maximum output. Torrington Needle Bearings are available for prompt shipment on your priority orders!

Right from the start, steadily rising sales curves reflected industry's immediate recognition of the Needle Bearing's advantages. Long before defense requirements brought increasing demands for most industrial materials, Torrington was prompted to expand production capacity again and again, to anticipate growing use of the Needle Bearing. So broad was the scope of this expansion program, initiated in the light of the Bearing's demonstrated potentialities in normal times and its acceptance by so many of the country's leading engineers, that it has proved sufficiently flexible to care for the abnormal requirements of the present.

Manufacturers of aircraft, automotive equipment, textile machinery,

farm implements, electrical apparatus, and many other products have put the Needle Bearing to work in thousands of applications, because of such conspicuous features as low cost, small size, high capacity, ease of installation, efficient lubrication. And today the Needle Bearing has a new and even more important appeal—its ready availability to the makers of defense equipment and machines.

You can avoid delays by incorporating the Needle Bearing in your designs *now*—and you can profit as well by its adaptability to the solution of a wide range of bearing problems.

Torrington engineers will be glad to work with yours in incorporating the advantages of the Needle Bearing in your product. A special application book lists many typical uses—may we send you a copy?

THE TORRINGTON COMPANY

Established 1866

TORRINGTON, CONN., U. S. A.

Makers of Needle and Ball Bearings

New York Boston Philadelphia Detroit Cleveland

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TORRINGTON NEEDLE BEARING

REDUCTION IN WEIGHT



Lighter weight and availability when needed are among the outstanding reasons for the use of Needle Bearings in many aircraft applications. A typical instance is its use on the cowl flap control rod of P-40 pursuit planes built by Curtiss-Wright Corporation.

CURTIS — WRIGHT

COMPLETE RELIABILITY



Dependable operation is essential in such materials handling equipment as the Towmotor Lift Truck, which is subjected to severe service. Towmotor assures reliable bearing performance by using Needle Bearings on steering axle and hydraulic lifting cylinder crosshead.

TOWMOTOR LIFT TRUCK

reserve to keep prices from jumping the fence. The counterweight has been so skillfully manipulated that one grade of Australian wool went no lower than 68¢ per lb. and no higher than 71¢ during all of last year.

• **Growers' Complaint**—However consumers may like this sort of thing, it is highly distasteful to American wool growers. They complain that while they were asking \$1.10 for a certain grade, the same grade of Australian wool was selling for \$1, duty paid. U. S. growers profess to accept the price maximum in principle, but they claim that the ceilings set are far too low. One mournful citation is a grade of wool which sold for 70 to 78¢ during World War No. 1 and is now selling at 40 to 44¢.

The sheepman, however, has to admit that he is doing all right; if he weren't, his political shepherds in Washington would be raising official roofs. Wool prices are good; wethers (castrated males) sold for meat are bringing high prices. Ranges even in the Dust Bowl are in excellent shape. And domestic wool used in uniforms enjoys a price advantage (of around 9%) when bidders agree to use it instead of imported raw supplies.

These benefits (plus government loans on sheep at 5% interest) have encouraged the gradual increase in flocks. Sheep population in 1941 made a new record—55,880,000 head.

Crisis in Carpets

Limitation on use of wool raises problem of overhead, and there's no way to recoup because of ceilings on prices.

Producers of civilian fabrics, blankets, and other wool goods are turning their businesses upside down to make way for Army and Navy procurement officers. These manufacturers use the apparel wool which the military is now demanding in staggering quantities (page 27). Contrariwise, carpet wools—coarser, more resilient—are not, at present, needed by the government. Yet floor-covering manufacturers are being subjected to the same curb applied to apparel wool users, a 50% reduction in raw-wool consumption for civilian uses over an emergency three-month period (cut is based on January-June, 1941, use). Price control works further hardships. From early November through Jan. 5, prices of domestic floor coverings were stabilized via agreements between the Office of Price Administration and individual manufacturers (BW—Nov. 15 '41, p. 34). This informal system has now been replaced by an order putting a ceiling over prices of wholesalers, jobbers, agents, brokers,

and importers. Manufacturers have been allowed to increase prices 5% from levels established in the December stabilization agreements.

The price schedule is effective for 60 days. Maximum prices for all but manufacturers may not be above the highest charged between Oct. 1 and Oct. 13, 1941, or, if no sale of a particular rug or carpet was made in that period, the top price will be the highest asked between Jan. 1 and Oct. 1.

• **Squeeze on Profits**—Limitations on use of wool would, by themselves, raise the problem of overhead, and the 5% boost in prices allowed manufacturers by no means compensates. It's a bitter pill to an industry which has been hoping to eclipse even 1941's fancy volume of \$200,000,000 at wholesale (a gain of 30% to 35% over 1940).

Using the most widely-sold type of Axminster rug as a measure, manufacturers' prices currently are about 26½% above August, 1939, about 20½% above January of last year. The trade figures that, considering what has happened to raw-wool markets in the past two and a half years, it has done a good job of keeping prices down. The prices of the most widely-used carpet wools show the following increases over prewar levels: B.A. 6's, 28%; Cordobas, 84%; Scotch, 108%; Awasi-Karadi, 119%; Aleppo, 107%; Kandahar, 107%.

• **Reliance on Imports**—The entire U. S. supply of carpet wool comes from abroad. Domestic wool, like Australian, is too fine and soft. Carpet wool imports in the first nine months of 1941 (last period for which figures are available) totaled 171,000,000 lb., against 101,000,000 lb. in the same months of 1940. With Russia and China cut off, Argentina now supplies the United States with around 60% of its carpet wool, the balance coming from all over the world, including, particularly, India, Scotland, Tibet, and Iraq.

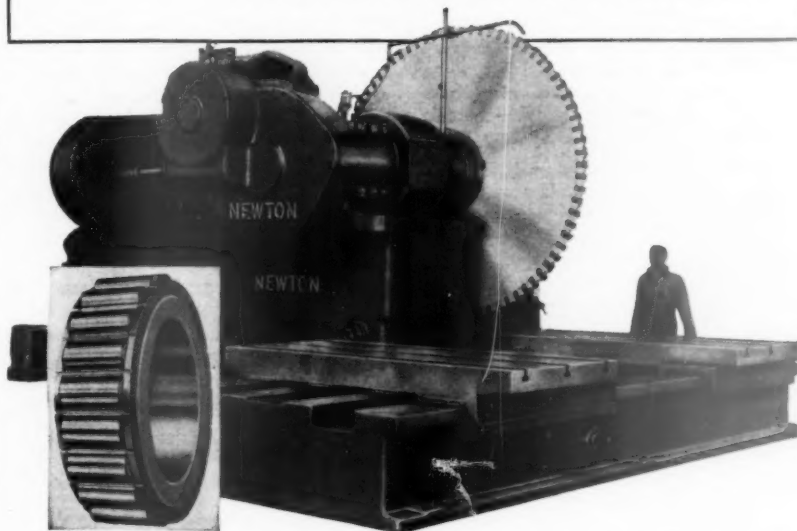
An even bigger worry to carpet men than wool is the imported jute yarn for backing. The government already has taken over supplies of burlap, most important jute derivative, and the expectation is that jute yarn also will soon be commandeered.

The possibility that other textiles, particularly rayon, might become important in floor-covering manufacture worried carpet wool importers a few years back (BW—Jan. 13'40, p35). Now, with more orders than it can handle, the rayon industry isn't the least bit interested in going after carpet business.

Ability of floor-covering manufacturers to weather the wool crisis and other current harassments depends to a large degree on the extent to which they can keep looms busy with government orders. During the last war, the industry turned out some 100,000,000 yards of duck for the armed forces. A number of carpet mills are working on duck again.

IN THE NEWS

WITH BANTAM BEARINGS



TEN-FOOT CIRCULAR BLADE is a striking feature of this Newton Cold Saw Cutting-off Machine manufactured by Consolidated Machine Tool Corporation—probably the largest machine of its type ever built. Bantam Radial Roller Bearings were selected by Consolidated for use in this giant machine because of their compactness and high load capacity—another instance of Bantam's skill in meeting novel design requirements.



BANTAM SUPPLIES ANTI-FRICTION BEARINGS in many sizes and types to meet the needs of Industry and Government for defense production. With their broad experience in the design and application of every major type of anti-friction bearing, Bantam engineers are well equipped to solve new and unusual bearing problems. For advice on application of anti-friction bearings, **TURN TO BANTAM.**



4000-TON FORMING PRESS, built by Baldwin-Southwark, is powered by two Oilgear Two-way Variable Displacement Pumps with a combined displacement of 143 gallons of oil per minute at pressures up to 3,000 pounds per square inch. Each pump rotor turns on large Bantam Radial Roller Bearings—one measuring over 12½ inches; the other more than 16½ inches in outside diameter.

BANTAM BEARINGS

STRAIGHT ROLLER • TAPER ROLLER • NEEDLE • BALL

BANTAM BEARINGS CORPORATION • SOUTH BEND • INDIANA

John Bull's Rations

British experience shows what rationing can mean to the business man, how it can change distribution systems and alter merchandising habits, what kind of problems U. S. may face.

Britain has tried several kinds of rationing. First came the allocation to the war industries of all scarce strategic raw materials—aluminum, copper, steel, rubber, and dozens of others. Quickest to be felt in Britain was a shortage of automobiles, tires, and gasoline. For almost the entire two-and-a-half years of the war the average Englishman has been allowed each month no more than enough gasoline to drive his car 150 to 200 miles. Recently, the ration was cut another 16%. Not one new passenger car has been made in Britain since 1939.

Then shops began to run low on aluminumware, all kinds of copper and brass gadgets, flashlights (badly needed in the blackouts), and electric household equipment.

• **First Food Coupons**—The first actual retail rationing of daily necessities came in January, 1940, when the entire civilian population was compelled to register with some neighborhood grocer (every six months) to secure prescribed rations of butter, bacon and ham, sugar, and tea. Ration cards were issued through the post office to each member of a family. Housewives were allowed to register at different shops for different items, but no shop was allowed to handle rationed items unless it had at least 25 registered customers. The original butter ration was 4 oz. per week for each person. The bacon and ham ration was 8 oz., sugar 12 oz., tea 2 oz.

When the plan was first introduced the housewife presented ration books for her entire family when she made her purchases. The storekeeper clipped the required number of coupons from each book and presented them (with his cash) when he applied for his next lot of wholesale supplies. Meat coupons were good only for the week issued, but two weeks' supply of butter and tea could be bought at one time.

This card-rationing plan has not changed greatly since the beginning but many food items have been added to the rationing list—all fats, meat, cheese, jam, and eggs. Milk has been rationed only since last October, but from the first special supplies have been allocated to children, invalids, and inside workers.

• **Lessons from Experience**—Two years of card-rationing experience have taught the English important lessons which should not be overlooked in the United States.

Now, all wholesalers and all retailers handling rationed items must be licensed by the government (through the Ministry of Food). Time and paper are

saved by having the public register with retailers only once a year, instead of every six months. (Longer intervals are not considered practical because of shifting population, the desire to move from one retail shop to another, and changes in the number of people in a family.) Coupons are no longer clipped because of the time required and the problem of keeping track of the tiny pieces of paper. Instead, retailers now keep a complete register of their customers, cancel a coupon with a stamp when a sale is made, and make a monthly statement to the government on stocks, purchases, and sales of all rationed items. These are then checked against monthly statements of wholesalers showing deliveries to the retail trade.

• **Rationing by "Points"**—Britain extended the same card-rationing plan to the clothing trades at the beginning of June, 1941, but this time individuals were not required to register with specific shops and a second type of rationing scheme was set up—the "point system."

British clothes rationing books each contain 66 coupons for a year. Every essential item of clothing has been assigned a coupon or "point" value—which has nothing to do with the cost of the garment. A pair of trousers calls for eight coupons, whether they cost \$3 or \$10. Three coupons must be surrendered for a pair of wool socks, one for two large handkerchiefs—whether linen or cotton, and 32 for a full suit.

Made-up household linens and furnishings are not included in the ration, but some of the materials from which they are made are included, to prevent their being used for clothing. Hats are not rationed.

Consumers may spend their 66 coupons a year for whatever they wish. But the range is small, at that, with one suit taking almost half of a year's supply.

• **Food by "Points"**—The "points" rationing scheme was extended from clothing to the food field last November to supplement the plan of specific rationing of such things as butter, bacon, and sugar. By that time considerable stocks of lend-lease canned goods had arrived from the United States and were ready for distribution. Included among the special new supplies were fish, lobster, baked beans, sausages, sandwich spreads, and such trade-marked specialties as Spam and Treat.

New special ration books were issued to everyone, each containing 16 cou-

pons good for use in the four weeks beginning Nov. 17. At the same time, the 30,000 tons of canned foods ready for the first month's trial of the new point plan were catalogued on a coupon-value basis. Salmon, sardines, tongue, beef stew, and lobster were rated at 16 coupons a pound. Herring and pilchards called for the surrender of only 12 coupons a pound, while baked

PREVIEW FROM BRITAIN III. RATIONING

How far is consumer rationing going to go in this country, and how is it going to affect business?

Washington officials are losing as much sleep puzzling over this question as business men. No one knows the answer yet. But there is no longer any doubt that rationing is here for the duration, and that we are just making a start with tires, cars, and sugar.

The whole picture has changed radically in the last six weeks. For instance, it's no longer a matter of being able to feed and clothe ourselves. New plans are all being made on the basis of the United Nations, not only for the United States. That means 800,000,000 people to consider, not just 130,000,000 who happen to live in the United States plus the 46,000,000 in Britain.

It is this broad new concept of our responsibility in the war which has caused the officials in the Office of Price Administration to look carefully at British experience with consumer rationing, and business leaders slowly to admit that there may be more parallels with Britain than at first seemed likely because of our far greater economic self-sufficiency.

What Britain has done and learned about rationing is the subject of this third of a series of articles based on studies of British wartime business experience made by Business Week's London Bureau. The first described how Britain concentrated its curtailed production of consumer goods in a handful of nucleus plants in order to free men, materials, and machines for war work (BW—Dec. 20 '41, p. 30).

The second—a searching study of Britain's two-year-old experience with price control—appeared in the Jan. 10, 1942 issue of Business Week.

More will follow in early issues outlining Britain's technique in handling labor, inflation, and product standardization.

BRITAIN'S WAR DIET

Here's how Britain has pulled in its belt since the war started:

	Present Weekly Ration (Ounces per Person)	Prewar Average Consumption (Ounces per Person)
Fats (butter, margarine, lard)	8 ¹	10.4
Bacon and ham	4	5.6
Sugar	8 ²	17
Tea	2	2.6
Meat (quantity estimated from value rations)	18	28
Cheese (ordinary consumer)	3 ³	
Jam	16 ⁴	
Eggs	2 to 5 per mo.	

¹ An increase to 10 oz., announced Nov. 17, was rescinded after the outbreak of war in the Orient.

² An increase to 12 oz. similarly rescinded (new U. S. sugar ration — 15.4 oz.).

³ To be reduced to 2 oz. on Feb. 2.

⁴ Monthly ration.

beans and some home products were available at 4 coupons a pound.

• **Unexpected Reactions**—The plan was popular at once though there were some unexpected reactions to unfamiliar products. Salmon, for instance, was so popular from the first that by mid-December, when the second month's ration cards were issued, its coupon value was raised from 16 to 24 a pound. On the other hand, there was so little demand for the unfamiliar canned sausage that the food authorities lowered the coupon value from 16 to 8 a pound. In all cases, the cash price of the food had far less influence on sales than the coupon "price." (Such items as onions may ultimately go on the points rationing system, for present supplies in Britain are so low that they will provide no more than two pounds per person per year.)

As in the case of clothes, it is not necessary to register with a special shop to use the new "points" food coupons and the entire month's rations can be spent at one time.

• **Manufacturing Cuts**—Britain is using a third form of rationing which is already familiar to the United States—reduction of output at the manufacturing level. More than a year and a half ago the Board of Trade ordered manufacturers of such consumer lines as pottery, glassware, cutlery, hollowware, certain kinds of furniture, fancy goods, musical instruments, and toilet goods to slash their deliveries to retailers to two-thirds of the value of the goods supplied in the like period of 1939.

From the first there was no effort to control the distribution of this reduced output to retailers or to the ultimate consumer. In most cases, old customers were given a preference and one-time buyers cut out entirely, for there is little

incentive now for manufacturers to go after new outlets. And from the first there has been a battle between the chains and the independents for their fair share of the reduced supplies, with the small independent suffering.

• **Washers to Brooms**—The British have ruthlessly reduced output of everything from washing machines to brooms. Mattresses, for instance, were cut to two-thirds of prewar production as a starter, but by the summer of 1941 output had been dropped to 50%. Radios, cutlery, and metal furniture, on the other hand, were slashed in one stroke to 25% of their prewar output. Safety razor blades were cut to 25% during 1940 but raised to half their prewar output last year when an acute shortage developed. The same thing happened in the case of cheap luggage.

• **Retailer's Problems**—Under this system of controlling output only at the manufacturer, the retailer has to depend on his own ingenuity to see that he gets a fair share of the restricted production, allocates sales impartially among old customers, and continues to develop as many new customers as possible in order to maintain the highest possible volume of business. With markups rigidly controlled (BW—Jan. 10 '42, p. 34), the only chance to maintain profits is to increase turnover and cut operating costs.

• **Distribution Shifts**—Britain has made no complete survey of the effects of these restriction measures on the distribution system, but there have been some drastic and unexpected changes.

Thousands of shops have closed, some, of course, because small proprie-

tors have been called into service, some because they couldn't line up the 25 registered customers called for under the rationing system.

No general census figures are available but records for Glasgow show that, of 19,000 shops operating just before the war, 3% closed in the last four months of 1939, another 6% during 1940, and another 8% in the first half of 1941. Of 232 shops operating in 1939 in Streatham, a London suburb, 101—or 44%—had been closed by the summer of 1941.

• **Which Most, Which Least**—In the food field, general grocery stores have been affected least, and butcher shops have held out surprisingly well despite the rationing program. But there have been heavy casualties among fruit and dairy shops, and fatalities are mounting among confectioners and fresh-fish dealers.

In non-food lines, radio and hardware dealers and furniture and decorating shops have been hit worst, with the number of drugstores, beauty parlors and news dealers declining noticeably. Since their rationing program was introduced last June, some of the clothing stores have had difficulty operating on their reduced volume of business.

In contrast, the number of "pubs" in Britain actually increased in 1940, and the volume of their business continued to expand in 1941.

• **Size Has Helped**—In general, big stores and chains have stood up best under the emergency. Authorities estimate that not more than 5% of these big shops have closed.

When food was first rationed, many

CLOTHES BY COUPON

One great weakness of rationing systems is that they usually come too late—after supplies are drained by hoarders who anticipate the move.

Just once have Britain's ration authorities moved with complete success to introduce a new program before the public knew it was on the way. That was on June 1, 1941, when a startled Britain picked up its Sunday newspapers and discovered—in great headlines—that clothes rationing had begun that morning (BW—Jun. 7 '41, p. 14).

Britain's clothes are rationed according to a long and complicated schedule—complicated, particularly, by the lack of standards by which items can be definitely classified.

The British are not allocated a fixed number of items of clothing a year. Instead, each person gets 66 coupons a year, and every item is given a coupon value.

Here's a small section of the complicated schedule which has become as familiar to every Englishman as the price tag on a garment:

	Number of Coupons Required		
	Man	Woman	Child
Trousers, shorts, or skirts:			
Trousers, slacks, breeches—if woolen	8	8	6
Trousers, slacks, breeches—not wool	5	5	4
Shorts—woolen	5	5	3
Shorts—not wool	3	3	2
Skirts—wool	6	4
Skirts—not wool	4	3
Stockings, socks, collar, tie, handkerchief, etc.:			
Pair of non-woolen half-hose, woman's ankle-socks	1	1	1
Pair of other socks or stockings	3	2	1
Men's collar, shirt-front, pair of cuffs	1	1	1
4 small handkerchiefs (women) or 2 large (men)	1	1	1

of the food chains put on big drives to get people to register with them, and reportedly refused to sell some non-rationed items to unregistered customers, but the plan was only partly successful; gasoline rationing made it impractical to ship far from home and the better corner grocery stores benefited. A check on grocery sales by the A. C. Nielson Co., Ltd. (affiliate of the well-known American market research firm) a year after the outbreak of war showed that independent shops had slightly increased their share in the total business. This had not saved the very small independent, however. Records in the Ministry of Food showed late last year that supplies of one or more rationed

foods are not available to 13,343 small shops because they lack the minimum of 25 registered coupon holders.

● **Standardization Moves**—There's a basis in British experience for current rumors that certain American products may be standardized for the duration. For example, England's shortage of matches immediately after the outbreak of war, started a run on lighters. But many lighter factories could produce war equipment, and the product consumed important quantities of badly-needed metals. As a result, a "standard lighter" was developed under government pressure, and is made in a few plants for sale throughout the country.

The outstanding example of food

standardization is the creation of a "National Wheatmeal Loaf." Unpopular at first with bakeries, the loaf accounted for 74% of the country's bread business last summer, and its popularity is growing. The Food Ministry gave standardization a boost by nationwide educational advertising to show that standardized products meant war economies. Now there's a ruling that sardine cans must be reduced from the 52 sizes common before the war to five prescribed by London.

● **"Utility Garments"**—Probably the most spectacular experiment in British standardization is the development of "utility garments," made from cloth which has been woven to specification, tailored according to government regulation, and sold at prices which are the same throughout the country.

In the beginning, utility clothing was confined to overalls, men's and boys' shirts, and pajamas. Since then other items have been added. Three weeks ago a big run on a London department store followed the announcement that the first "utility suits" for women had arrived. Made of a richly flecked, multi-colored, all-wool Cumberland tweed, and lined with rayon crepe, they were priced to sell at about \$20. Men's "utility suits" at about the same price will go on sale in February.

Manufacturers and retailers both bucked the plan because it replaced their long-advertised brands, but the (London) Economist has campaigned from the first for a broad expansion of the scheme to all lines of clothing for the duration of the war.

● **Quality Wanted**—British retailers have learned that the introduction of clothes rationing stimulates quality buying. If a man can have no more than one suit a year, or a woman no more than three dresses, each is going to buy the longest-wearing outfit that is available.

Experience has also taught the British that rationing rules must be adapted to the fact that children quickly grow out of clothes. It was the National Children's Wear Association which finally persuaded the Board of Trade to cut 24% off adult quotas for clothing and add it to the quotas of children under 14. They also succeeded in convincing the board that it would be wise to license second-hand dealers to act as clearing agents for outgrown clothing that is still wearable.

To make other practical improvements, the Board of Trade late last year selected a "guinea pig" group of families from various parts of the country which will be surveyed regularly for suggestions on how the rationing system is working and can be made to work better.

● **Communal Feeding**—Another war-time innovation which is having at least a temporary effect on the retail pool business is the development of com-

The Unseen Plant Addition

★ One of a series of advertisements showing how BATTERY INDUSTRIAL TRUCKS are speeding war production by handling materials efficiently.

To win the war, many new plants are going up. But it is even more important to get every last ounce of production from them when they are completed—and from existing plants, too.

As one of the simplest and surest means to that end, management is adopting, more extensively than ever before, the practice of handling materials in units of 2 to 5 tons on skids or pallets—units that can be picked up, moved and tiered by BATTERY INDUSTRIAL TRUCKS—with no time wasted for loading or unloading.

These modern handling methods are opening bottlenecks; saving time lost waiting for pick-up and delivery of work; relieving congestion; preventing spoiled work; helping to insure full utilization of man-time, machine-time and storage space.

Thus, they are creating the equivalent of many plant additions for war production.



**THE INDUSTRIAL TRUCK
STATISTICAL ASSOCIATION**

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MEMBERS—TRUCK MANUFACTURERS: AUTOMATIC, BAKER, CRESCENT, EASTON, ELWELL-PARKER, MERCURY AND YALE;
BATTERIES: EDISON, EXIDE AND PHILCO; BATTERY CHARGING EQUIPMENT: ELECTRIC PRODUCTS AND HERTHEL.

munal feeding in Britain. The plan was started during the blitzkrieg to feed bombed families, but it has continued and grown until now the government is the supervisor of a chain of 1,000 British restaurants, in 156 towns. Purpose is to provide a cheap, hot meal once a day to school children, workers, or homeless families. Each city runs the local "British Restaurant" with a guaranty from London to meet any deficit.

• **Rationing Economies**—With volume of business generally declining or barely holding its own, British retailers have resorted to all kinds of economies.

Savings from the decision to stop the sale of wrapped and sliced bread are estimated at \$4,000,000 a year.

One of the country's largest cosmetic dealers announced in November that all its products would thereafter be marketed in one-size, one-price packages for the duration of the war.

Most soap is sold unwrapped. Sugar, raisins, and butter are now sold almost entirely in bulk. Tubed products—such as toothpaste and face cream—come in the bare tubes, with no outer box. (To prevent denting and scratching, Colgate-Palmolive-Peet sends toothpaste to retailers in cartons, but the retailers are compelled to return the cartons for reuse.) Toilet talcum powder is sold in refillable cans, three times normal size, with paper-packaged refills; cigarettes in paper packages with no inner foil or outer cellophane. Some foodstuffs may still be packed in cans, but the paper label is limited to 20 sq. in.

• **Pooled Brands**—A few companies have gone together to produce standard goods, sold in standard packages bearing the names of the brands they replace. Some butter, soap, and toothpastes are already sold this way. All gasoline has been advertised and sold as "Pool Petrol" almost from the outbreak of the war.

• **Passed on to U. S.**—England is still experimenting with many wartime marketing controls, but there are some warnings that London business leaders would like to pass along to their American colleagues who are just beginning their experience with the problems of rationing. Here's what they say:

(1) Most important is the conclusion that England has applied rationing "too little and too late." Sales have exceeded replacements. Some goods have vanished entirely and the inventories of others are dwindling rapidly. Consumers with a little extra money and foresight stocked up. In an all-out war this causes a serious social reaction from the mass of the public. Rationing should begin before hoarding develops.

(2) Rationing has to be applied differently to different things. Tea, sugar, and bacon may be rationed individually by quantity. Meat, because of wide variations in type and price, must be rationed by value. Some foods should be

The reason we can help you today?



We got ready yesterday

Ever since World War I the Gas industry's scientists and Industrial Gas Engineers have been developing new and more efficient ways to apply industrial heat to your process. No wonder, when Defense sprang up, the Gas industry was ready to help speed production, lower unit costs, reduce spoilage and of course turn out better, more uniform products.

The speed-up called immediately upon Gas for new applications of industrial heating, for use of Gas in atmosphere furnaces, even for the use of Gas as a chemical. The applications were new—but the research and engineering were not; they were simply the accumulated result of five, ten, twenty years' work to develop Gas

equipment to its highest efficiencies.

One of these days Defense will end . . . or pause . . . and then, as industries change back to peacetime production, the ability of Gas and Gas equipment to lower unit costs and maintain quality will be important in widening markets.

Right now Gas can help you speed production and hold costs down in your plant. Why not investigate? Telephone your Gas company for information on how heating problems such as yours have been solved in other plants.

AMERICAN GAS ASSOCIATION

INDUSTRIAL and COMMERCIAL
GAS SECTION

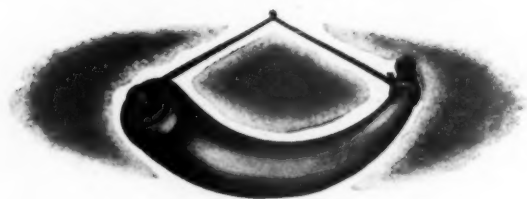
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FOR ALL
INDUSTRIAL HEATING



KEEPING AMERICA'S POWDER DRY...



and cool too!

Today, though few people realize it, refrigeration and air conditioning are basic war industries.

Modern air conditioning not only keeps America's powder dry, but keeps it cool to retard deterioration. Refrigeration speeds the manufacture of the powder, and of the shells that it drives. Air conditioning protects both worker and product in shell-loading plants, permits watch-maker precision in making fuses and detonators.

Air conditioning makes modern blackout plants possible, vitalizes the fire control rooms, spotting rooms, turrets and magazines of battleships, the pilots' ready rooms in aircraft carriers, makes U.S. submarines the most effective in the world.

Refrigeration aids the riveter in the aircraft plant, enables the refiner to supply the appetites of planes and

tanks and trucks with the high octane gas that modern fighting machines must have. Refrigeration is easing the critical steel shortage by making possible more iron and better iron from existing blast furnaces. And refrigeration continues to feed fighting men on the farthest flung battle lines the world has ever known, in great cantonments at home and on desolate island bases from the tropics to the polar circle and on the ships between.

For the past 18 months, York men and York machines have been on the defense firing line, engineering, building and installing equipment for all phases of titanic struggle.

Today, it's *war*, not mere defense. And now the tempo mounts and York goes truly all-out as every last man in the works and in the field comes to feel that the only tolerable outcome, unequivocal victory for Liberty, rests to some degree in his own two hands.

York Ice Machinery Corporation, York, Pennsylvania.

YORK

HEADQUARTERS FOR



York Manpower, Facilities, Experience, cover the Nation

Pioneers in mechanical cooling for 57 years, York engineers today enjoy the richest heritage of experience in the twin industries of refrigeration and air conditioning. This experience, the unparalleled facilities provided by two huge headquarters plants at York, Pa., ten strategically located branch plants (each with its own engineering and construction staff) and field offices in principal U. S. centers, make York a truly *national* institution. York's 4079 loyal patriotic workers, reinforced by 1650 other good citizens in the York distributor organization, make it truly American.

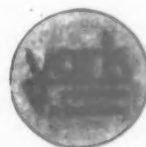
★ ★ IN 1917-1918 ★ ★

Refrigeration in World War I was employed mainly for the preservation of food, while air conditioning, as we know it now, had yet to be developed. Nevertheless, York men served with distinction and York shops devoted 90 per cent of their capacity to war work.

York planned and built machinery for the mammoth AEF meat and ice plant which was built and operated at Gievres, France, by the 301st Ice Plant Unit which was recruited in York.

York supplied refrigeration for 593 U. S. ships including cargo vessels, battleships, transports, destroyers,

mine-layers, mine-sweepers, colliers, tankers, supply ships, repair ships, submarine tenders, hospital ships, ammunition ships, eagle boats, lighthouse tenders; for four Army cantonments, eleven cantonment hospitals, thirteen powder plants, five ammunition plants, five ammonium nitrate plants; for the U. S. Naval Academy at Annapolis, the U. S. Marine Corps Barracks, Port Royal, S. C., Aberdeen Proving Grounds, U. S. Navy Ordnance Depot, Baldwin, N. Y., and for St. Elizabeth's Hospital, Washington, D. C.



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Refrigeration and Air Conditioning

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Our policy ... in 62 words

As each new account comes to us, a highly specialized service is built around it . . . tailor made.

We do not take on an additional client until we have established this thorough service behind the latest one.

We further restrict the growth of our clientele to the capacity of one or more of our principals to give continuous personal service to each client.

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—Sheet Metal Parts or Finished Products

• We have modern and efficient equipment and skilled craftsmen for the production, from our dies or yours, of stamped metal parts or products. Our experience covers perforation, forming, assembling, and enameling sheet metal in gauges from 10 to 24. We solicit inquiries from prime defense contractors, or opportunity to study designs and specifications on sub-contracting work.

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Cleveland, Ohio
Established 1907

AUER REGISTERS
& GRILLES For Air Conditioning and Gravity

WAR BUSINESS CHECKLIST

Washington's Significant Orders on Materials and Prices

• **Nickel**—Nickel, primary or secondary, may not be used after Apr. 1 in certain items listed in Order M-6-b. Meanwhile consumption must be reduced to half that of the first quarter of 1940 or 1941 at the user's option.

• **Lead**—Producers of metallic lead products, who have been subject to a "voluntary" ceiling at Jan. 2 price levels, are now asked by OPA to hold prices to the level of Apr. 1, 1941, plus 0.65¢ per lb. of lead content. A formal ceiling will be established soon.

• **Asbestos**—Processing of South African asbestos fiber is forbidden after Feb. 1 (Order M-79) except for war orders, and then only for specified uses. All processors of asbestos fiber must file monthly reports on Form PD-251 or 252.

• **Refractories**—A bulk price of \$22 per ton f.o.b. Chewelah, Wash., is established, by Schedule 75 for maintenance grades of domestic dead-burned grain magnesite. For carload lots in bags, \$4 more may be paid.

• **Scrap**—Bureau of Industrial Conservation is inspecting auto graveyards all over the country, will request owners to cut up and sell cars immediately, and will requisition within 24 hours the cars of those who refuse.

• **Petroleum**—Satisfied with prices it has succeeded pretty well in establishing for petroleum and petroleum products, OPA announces levels now generally in effect will be formalized in a price order shortly. Crude oil is pegged to prevailing prices Oct. 1 and refined products to those of Nov. 7. Effect will be given to the recent advance of 0.3¢ a gal. on gasoline in 15 eastern and southern states.

• **Machine Tools**—Prices of new machine tools are frozen at Oct. 1 levels (Schedule 67). Prices of new or special types shall be those of the nearest comparable types adjusted to reflect mechanical differences. Such prices must be filed with OPA 30 days before delivery. Every tool builder must file with OPA Oct. 1 and May 6 price lists and a profit-and-loss statement and balance sheet for 1941.

• **Textiles**—Padding manufacturers have been forbidden by WPB to chop or process Manila, sisal, or henequen fibers more than 20 in. long pending issuance of a formal order limiting use of such fibers.

Rayon producers and jobbers are ordered by WPB to sell to former customers the same percentage of yarn as a year ago, rather than convert a larger proportion themselves.

Sales of cotton wrapping twine by

wholesalers and jobbers are exempted, by amendment, from Schedule 33.

A premium of 10½¢ a lb. for yarn for Army mosquito netting is permitted by amendment of Schedule 7.

• **Automobiles**—Producers of replacement parts for passenger cars and light trucks are permitted, by amendment of L-4-a, to build during the first half of 1942 150% of the total production during 1941. Amendment of P-57 grants an A-10 rating on materials entering into such parts.

Producers of replacement parts for heavy and medium trucks, trailers, and buses may produce, during the first quarter of 1942, 60% of production in the last half of 1941 (Order L-35). Order P-107 grants an A-3 rating on materials for such parts.

Quotas on March production of civilian heavy and medium trucks, established under L-1-a, permit 34% more output than in March of 1941. Trucks may not be equipped with tires except temporarily to permit delivery to dealers.

• **Tires**—Tire dealers and distributors may purchase new tires to replenish their stocks upon presentation of certificates and receipts from sale of tires to eligible purchasers under order M-15-c. "Upstream" sales—by the public to dealers to distributors to manufacturers—are permitted without certificate, and one dealer may sell to another.

Clergymen are added to the list of those eligible to buy new tires.

Ceiling prices of 18¢, 23¢, and 28¢ a lb. have been informally established by OPA on the three permitted grades of camelback.

• **Other Priority Actions**—No priority aid will be granted for construction of air-raid shelters. Materials will be provided for OCD requirements of hose, protective clothing, and medical supplies. . . . By amendment of P-72, the A-3 rating on materials for elevator and escalator parts will only be extended for specific quantities of material under the Production Requirements Plan. . . . Defense training classes in welding, according to P-92, may apply through the Office of Education for priority aid on steel plate and welding electrodes.

• **Other Price Actions**—Ceilings are being considered for salicylic acid and theobromine. . . . Flat glass makers have agreed to the OPA request to withdraw proposed price increases. . . . Price stabilization of steel forgings made on open dies is being discussed with the industry by OPA. . . . Washington, D. C. coal dealers, at OPA request, have reduced prices 25¢ a ton. . . . Manufacturers of coated and bonded abrasive products have been asked to hold prices at Oct. 1 levels.

rationed by groups, since not all consumers want to buy all of the items. But when one key item is rationed (such as butter) substitutes (such as margarine) must also be rationed—and both price controlled (BW—Jan.10'42,p34).

(3) Even when the supply is very small, essential items of both food and clothing can be rationed. The Englishmen have willingly accepted one egg a week because they knew no other Englishmen had more. And one suit a year is possible when the whole country changes its thinking from "keeping up with the Joneses" to "keeping down with the Browns."

(4) Such durable goods as automobiles and radios may not need to be bought by everybody during the war. The solution is to require the prospective purchaser to show need (as in the case of tires in the United States). An alternative solution, that is easier but less equitable, calls for a system of consumer priorities, adjusted to various products. Defense workers and doctors, for instance, would head the list for tires and cars. Newlyweds and families that have been bombed out would be near the top of the list for furniture and kitchen equipment. Or another scheme calls for a customer to present a worn-out toaster or radio tube in order to buy a replacement.

(5) Not all essential items should be rationed equally. Cheese, for example, is a staple food for the working class but superfluous for the rich. And miners need more milk and fresh vegetables than people who work in fresh air.

(6) Rationing of new durable goods will not be effective unless the second-hand market is also controlled.

(7) Rationing can never be completely effective unless goods are more or less standardized, both as to quality and packaging.

(8) Prices of rationed goods must be controlled or the project will fail to accomplish the desired results. In England, even with price control, the very poor are not always able to use their full supply of coupons—limited as they are. On the other hand, price control alone is no assurance that supplies will be evenly distributed.

(9) Large stores and chains fare better than small units when rationing is left to the manufacturer because it is less costly to serve them.

(10) Voluntary merging of retailers for the duration has not worked in Britain, and the slow process of elimination necessitated by steadily declining trade volume is costly for everyone. (Both The Economist and The Statist have openly criticized the Board of Trade for not imposing the same compulsory concentration scheme that was forced on the manufacturing industries [BW—Dec.20'41,p30]. But so far, England has gone no further than to prohibit the opening of new retail outlets.)



"Remember Pearl Harbor—drop one for me!" was the prayer of every American when he saw this news photo of Air Corps boys loading the bomb bays of a huge Boeing Flying Fortress. "Keep 'em flying" is no longer a slogan—it's a *promise* to every man in uniform. This is *everybody's* war—there are duties for every individual—every business.



Buy Defense Bonds for your business — as well as for personal investment. Save metals, paper, rubber and other strategic materials . . .

One precious material that can *never* be reclaimed is lost time. To *create* extra time, take a tip from Boeing Aircraft Co., where unlimited production schedules demand herculean effort from every man and woman in the "front office" as well as the shop. (Boeing exceeded production schedules unbelievably for December.)

"We use every tool that can speed Flying Fortresses on their way," says T. E. "Tory" Gamlen, project engineer of the famous Boeing Flying Fortress. "By dictating letters, orders, memoranda, etc., to Ediphones we save time, promote office efficiency and cut out costly interruptions."

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THE WAR—AND BUSINESS ABROAD

Sugar for Russia

Rationing here reflects needs of U.S.S.R.—and we may have to skimp on many other things to aid United Nations.

Business is just beginning to realize that what President Roosevelt had in mind, when he "upped our sights" last month after conferences with the British Prime Minister, was something much vaster than the mere boosting of airplane, tank, munitions, and ship production.

Tire rationing is not the result of the new rôle we are going to play in the war, but sugar rationing is. The tire shortage is due to the loss of the world's main rubber producing region in Malaya and the Netherlands East Indies.

Saving—for Our Allies

But there's more behind the sugar rationing, which will begin officially next month, than loss of annual supplies of a million tons from the Philippines. That deficit could probably be made up without too much effort by increasing our purchases in Cuba and going after fresh sources in other Caribbean islands and Latin America.

The move is actually made because the United States will find it necessary to share sugar supplies with its allies in the United Nations. Present rations are generous—nearly a pound a week compared with last year's exceptional consumption running to about a pound and a half per person.

But business and the public should not look on the original ration quota as something permanent. Britain has found in two years of rationing experience (page 34), that it is sometimes necessary to adjust civilian rations as often as once a month, depending on seasonal shifts in domestic supplies, import losses caused by Axis submarine activity, or the blocked supply sources in war zones.

Russia a Beneficiary

In the case of sugar, the loss of Java would cut off big shipments that have been supplying the British Empire and special supplies that had been earmarked for Russia since the Germans occupied the great sugar-producing region in the Ukraine. So the new sugar rationing plan is really the opening gun in a food-for-Russia drive. Canned fruits may be added to Russia's needs before the year is over.

The battle raging between the Japa-

nese and the ABCD nations in the Macassar Straits this week is the key to what is likely to be the next civilian rationing program in this country. If Japan can occupy Holland's naval bases in the Indies as well as British Empire outposts (they are already on New Britain and New Guinea, the southern end of which is only 100 miles from Australia), it will make possible an all-out attack on Australia and New Zealand, the source of more than one-fourth of the world's wool supply. Rationing of wool to manufacturers a few weeks ago is expected by insiders to constitute only a prelude to full rationing of wool clothing.

In this case, Russia is again a factor. Soviet successes in the present campaign against Germany are due to their

better adaptability to the severe Russian winter. But the millions of Russian civilians in the territory occupied by Germany are being stripped of everything and Russia will undoubtedly need help to replenish stocks after they are reclothed.

Big Oil Problem

There are warnings of other drastic economic adjustments that are ahead. The Dutch this week were forced to blow up the great Royal Dutch Shell refineries at Balikpapan (on the eastern coast of Borneo)—the second largest oil refineries in the Indies (BW—Jan.24'42,p36). If Java and Sumatra go, the ABCD powers will be forced to rely on limited supplies from Burma, or long hauls from Iran (where the oil is badly needed for the Middle East campaign), or from the United States. This is the development which has revived the reports that "gasless Sundays" may not be far away, and gasoline



GREATEST SHOW!

"Greatest Latin American Show on Earth!" That's how a copywriter for R. H. Macy & Co., possibly overlooking another great Latin American show in Rio this week—the conference of American ministers—described the fair which is drawing 55,000 visitors daily to the New York department store. By the time the fair (BW—Nov.22'41,p68) completes its tour of a dozen cities (Boston, Philadelphia, Chicago, New Orleans are on the list) it is certain to have made its mark in the annals of retail merchandising.

Temporarily displacing Macy's fifth-floor toy department, the fair covers 60,000 sq. ft. of floor space,

every inch of which has been completely transformed to create a south-of-the-border atmosphere complete with stucco, serapes, and señoritas. More than half of the entire area is allocated to educational exhibits (admission free) such as art and handicraft shows, sound-color movies, stage shows. Make-ready cost of the fair, not including salaries of the store's personnel, was approximately \$50,000.

Featured in the merchandise displays is the rug mart (above) which is effectively cementing hemisphere relations with cold cash instead of conversation. Elsewhere in a replica of a market place are booths displaying glassware, silver jewelry, metal and woodware, perfumes and foodstuffs.

rationing a distinct possibility before the end of the year.

These are the business implications of the week's military developments which executives must not overlook. The withdrawal of Australian forces from the vital Middle Eastern front in order to bolster home defenses increases the possibility of an Axis drive on Suez and the oil fields of Iran and Iraq (BW—Jan. 3 '42, p30). But it also means that Australia may no longer be able to maintain regular food shipments to the Middle East, or deliveries of millions of rounds of small arms ammunition. If the gaps in the ranks as well as in the supply lines must be filled from the United States, that task may prove to be responsible for a new wave of consumer restrictions sometime later this spring.

Business must take its marching orders from Washington, but it can anticipate many of them by interpreting weekly war developments in terms of shifting raw-materials control.

Ottawa Eyes Rio

Canadians wonder how far U.S. is really prepared to go in hemisphere program. Business is jolted by tariff proposal.

OTTAWA—Engrossed in a fierce domestic controversy over their Prime Minister's proposal to hold a plebiscite on conscription for military service overseas, Canadians almost passed up Washington's spectacular proposal to the Rio conference that the Western Hemisphere set up an economic union for the duration of the war.

• **Privately Flabbergasted**—Privately, Ottawa officials—especially those who are members of the various joint United States-Canada war coordination committees—were flabbergasted at the broad terms of the plan.

According to the officials' only source of information, the newspaper report from Washington, these terms included the removal of tariffs from civilian as well as war supplies, the breaking down of exchange barriers, free movement of war labor up and down the hemisphere, and the construction and financing by Washington of great defense undertakings in Canada and the other hemisphere countries which these countries could redeem after the war.

• **Cheers Inhibited**—Canadian business men were at first ready to cheer the plan as a dramatic demonstration that, through the initiative and enterprise of Washington, the full weight of this hemisphere was to be put behind the job of beating the Axis. But the cheers stuck in their throats when it was noticed that the proposal called for

knocking off tariffs on civilian as well as war supplies.

Canadian industrialists whose normal business depends largely on tariff protection in their home market became concerned. Importers, wholesalers, and other business men whose operations are adjusted to customs and exchange restraints began to wonder about their particular interests.

• **Pertinent Questions**—By the end of the week, sober critics began to raise the same questions that were raised in the United States following the earlier announcement that Canada and the United States would mutually remove tariff barriers on all war supplies (BW—Jan. 3 '42, p7).

Is it likely that the United States Congress will, without a long fight, remove duties on any except, possibly, a few out-and-out war supplies?

And is it possible that United States labor will agree—more than temporarily and on a limited scale—to the free movement of cheap labor into the United States?

And, without some large-scale and long-term trade plan, is it likely that Canada, overnight, can remove the present exchange restrictions?

• **Common Exchange Medium**—Probably the suggestion from Washington that a common exchange medium be created for war trade aroused widest interest among Canadian business leaders. Some Canadian economists have been advocating a common international exchange for war trade between hemisphere countries and war allies. And there have been frequent flurries on the foreign exchange market during the last two years whenever there was a rumor that the Canadian and American dollars would be stabilized at parity. But Canadian finance authorities soon dismissed the possibility that Washington has any plan now to stabilize the Canadian dollar at its old parity for all business.

The flurry caused by the Rio announcement has subsided by the end of the week and Canadians returned to their controversy over the proposed plebiscite on extending the draft to cover overseas service.

• **An Election Pledge**—The opposition, headed by such leaders as Mitchell Hepburn, insist that the very proposal is a sign of weakness. They believe that Parliament can amend the present law without much opposition, even from the French in Quebec. But Prime Minister Mackenzie King so far insists that he will stand by his pre-election pledge to the French-Canadian electorate that he would not draft Canadians for service in any "foreign war."

In the midst of the bitter storm, Stephen Leacock, the economist and humorist, suggested that army pay be upped to the factory level. At \$5 or possibly \$6.50 a day, he predicted, conscription would not even be necessary.

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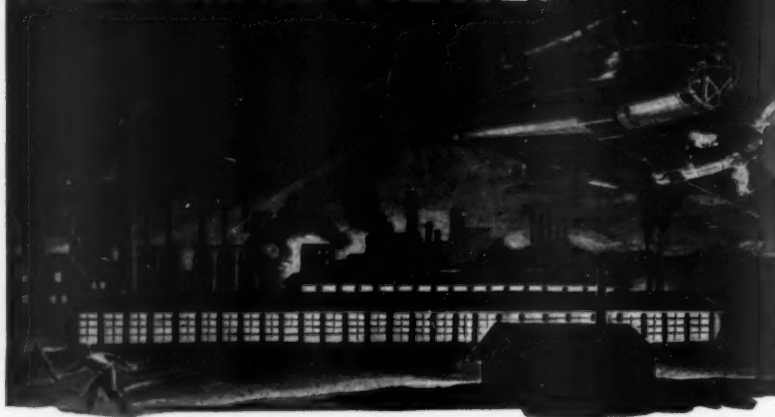
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A blackout, to be fully effective, must guard against two definite conditions—prevent reflection of outside light—provide protection against flying glass. Carey Blackout Products ideally meet both of these requirements.

Civilian Defense Bulletin says: "A factory may be well blacked out, but its glass windows may reflect the light of moon, stars, fires or flares." The practical answer to this problem is to apply Carey Blackout Coating to outside surfaces of all skylights. This coating is non-reflective and insures complete light stoppage with one coat.

Civilian Defense Bulletin says further: "More injuries from flying glass are to be expected than from bombs or bomb fragments." Guard against this danger by applying any one of the three types of Carey Blackout Board to the inside of windows. Boards are rigid; cut to size; easily installed; quickly removable.

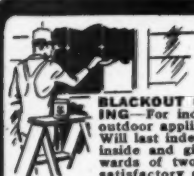
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BLACKOUT COATING—For indoor or outdoor application. Will last indefinitely inside and give upwards of two years satisfactory service outside. Inexpensive; easily applied with large brush, or may be sprayed on; quick drying. Covering capacity 350-400 sq. ft. per gallon. Easily washed off with naphtha, benzol or other solvents.

BLACKOUT BOARDS—Laminated asphaltic boards of good rigidity for removable panel installation. Moisture and condensation proof. Boards are easily cut to shape and size.

ALL-PURPOSE TREATMENT—Where a more permanent, weather proof, or exterior treatment is desired, use the Carey Laminated System. Apply a thick film of



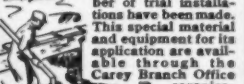
Careyclad Coating and embed 30-lb. Carey Feltex (or Carey Asphalt Saturated fabric membrane) topping with a finish of Careyclad Coating. This provides complete Blackout and renders the glass shatter-proof.

BLACKOUT PAPER—Always keep several rolls of Carey Blackout Paper on hand for quick, temporary repairs. For best results, use a light weight Carey Smooth



Roll Roofing or the less expensive Carey No. 7 FibreWove, a tough asphalt saturated and coated building paper, weighing only 10 lbs. per 100 sq. ft.

REJUVENATION SYSTEM OF CAMOUFLAGE—During the past year, we have been working with the U. S. Engineers in developing the Rejuvo System for camouflage purposes and a number of trial installations have been made. This special material and equipment for its application are available through the Carey Branch Office organization.



MARKETING

Canners' Quotas

Food men find out just what portions of fruit and vegetable packs will be needed for Army, Navy, and lend-lease.

Food processors and distributors have always regarded their industry as one of the most regulated in the country. Normally, they come to their end-of-January convention to "see what can be done about regulations." This year, however, canners, processors, and wholesalers came to Chicago with only one thought in mind: What are the government's marching orders for 1942? And they got them in no uncertain terms.

• **Reserved for Government**—Marching Order No. 1 came from the War Production Board. On top of the Department of Agriculture's demands for more production of the basic canned vegetables, the Board announced that it was issuing a general preference order in the near future under which specified percentages of each canner's packs will have to be set aside for sale to the Army, Navy, and lend-lease. Canners were given tables showing what portion of the packs would have to be laid aside, together with preferred can sizes and grades.

For example, the government expects to take 44% of the asparagus pack, all green, No. 2 cans; it prefers fancy cut or fancy spears. On other vegetable lines, percentages run as follows: lima beans, 22%; stringless beans, 21%; peas, 38%; corn, 18%; tomatoes, 30%; tomato juice, 14%. On fruits, the figures are: apples, 32%; red sour cherries, 27%; sweet cherries, 25%; clingstone and freestone peaches, 23%; Bartlett pears, 26%; pineapple, 25%; fruit cocktail 16%.

• **Prices Not Yet Fixed**—The Department of Agriculture, which handles all buying for government account, announced what it will pay for two of the major lines, tomatoes and peas (95¢ per doz. for No. 2 Grade C tomatoes, \$1.10 for peas), but canners were left in the dark about the prices they will get for the segregated portion of other packs. Belief is that they will get fair market prices, based on prices to growers.

The Office of Price Administration has nothing to say about prices on these government goods, but it may very definitely have something to say about prices on the stocks left for civilian consumption. OPA's general intention is not to set ceiling prices until just before the 1942 canning season begins—if then—but it also made clear that it

is closely watching price trends on the 1941 pack and will not hesitate to put ceilings on the old pack if prices rise out of line with production costs.

• **Tin-Can Question—Marching Order No. 2**—as expected—dealt with containers. The War Production Board told the canners that quotas would be set up for tin cans limiting the number and sizes which could be used for the 1942 packs, but the expected specific can limitation order was held up so that it was not available on the opening day of the convention, much to the disappointment of canners. They realized, however, that so-called non-basic foods such as sauerkraut and beets would be cut drastically on tin consumption.

Processors and packers of other goods such as mayonnaise, pickles, peanut butter, and mustard were given specific instructions by the Bureau of Standards which has worked out an "economy line" glass container in cooperation with Glass Container Association. The "economy line" consists of a single-shaped glass to be produced in a limited number of sizes for each product. Other sizes—a one-pound and a two-pound jar—were provided for preserves, jellies, and fruit butters. Although the "economy line" program is now on a voluntary basis, broad hints were given that WPB would soon make it mandatory.

With the packs of certain canned foods to be cut by the tin-can order, exponents of dehydration and quick-freezing see their big chance.

• **Grade-Labelers Organize**—Although normal peacetime food industry problems were buried under the government's marching orders, some time was given to two perennials—grade labeling and nutrition.

The National Canners Association again reaffirmed its stand for descriptive labeling while the projected Government-Inspected Fruit and Vegetable Packers Association groped for its genesis as a going organization. This grade-labeling group is to be composed exclusively of the 24 canners whose goods are packed under the continuous inspection system of the Agricultural Marketing Service and who alone may use the "U. S. Grade" mark—A, B, or C—on their cans.

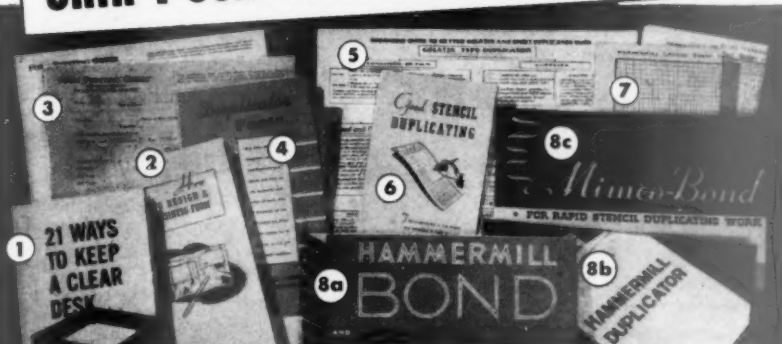
War clouds were not considered a particularly good omen, and so it isn't likely that the organization will become a full-fledged trade association in the immediate future. Only the foundations for group action have been laid, and the large-scale consumer promotion which the grade-labelers have reportedly been readying is likely to be delayed or at least measurably reduced in dimensions. Government buying—strictly on the basis of grade—is, however, giving their cause a boost.

• **Taking up Vitamins**—During the 'twenties when vitamins were in their



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MADE MY DESK
A JUNK HEAP..."**

until I sent for these free helps"



HERE'S WHAT YOU GET:

1. **"21 Ways to Keep a Clear Desk."** Shows how to avoid "junk heap" desks, organize routine, clear away detail. Proven time-savers for 6 specific jobs.
2. **"How to design a business form."** Tells data forms should carry. Check list to test forms, uncover improvements.
3. **Form layout and ordering simplified.** Sheets carry space for printing instructions. Ruled for accurate layout. Specify pica or elite typewriter spacing.
4. **Tips to improve duplicator work.** Booklet illustrates gelatin and liquid processes. Practical tips for best use of each.

5. **Duplicator Operating Guide.** Handy trouble-shooting chart helps you get clearer copies.

6. **Hints for better stencil duplicating.** Booklet covers 5 chief factors—typewriter, stencil, stenographer, machine, paper. Tells how to get best results.

7. **Stencil layout made easy.** Sheets simplify layout and illustration of ruled forms and bulletins. Specify pica or elite typewriter spacing.

8. **File-size Sample Books.** (a) Hammill Bond, (b) Duplicator, (c) Mimeo-Bond. Quick way to choose right color, finish, and weight of paper for business printing.

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HAMMERMILL
Papers for Office Use

BOND • DUPLICATOR • MIMEO-BOND

Hammill Paper Co., Erie, Pa.

Please send me, free, copies of the material checked:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8a ☐ 8b ☐ 8c ☐

Name..... Position.....

(Please attach to your company letterhead)

BW 1-81

The Regional Market Outlook

BOSTON (Income Index—139.9; Month Ago—136.8; Year Ago—116.1) —New England income payments continue to keep pace with the nation's. Curtailment of civilian durable goods has produced little unemployment. Jewelry trades, for instance, are still operating at peak levels, and hardware, typewriter, and other lines are converting to war work with minimum dislocations. But nondurable goods, which contributed heavily to 1941 payroll gains—



62,573 sq. mi.

pop. 8,018,906

ST. LOUIS (Income Index—149.6; Month Ago—146.9; Year Ago—119.7) —The income emphasis in this Reserve district is shifting to industry and away from agriculture. Ordnance plants in this city will hire 25,000 workers during the next six months; Louisville area distilleries are adding industrial alcohol manufacture to near-capacity "regular" business; construction of arms plants and cantonments is accelerating in Arkansas, and prospects are bright for additional airplane, metals, and other factory awards.

Farm income, which outstripped the nation's last year, also will rise, but not so much. It is true that in western Kentucky the burley tobacco crop is bringing 75% more than a year ago, and that in Missouri and southern Illinois and Indiana, strong demand for livestock and dairy products will continue to lift receipts. However, in the southern cotton-growing sections, where income was

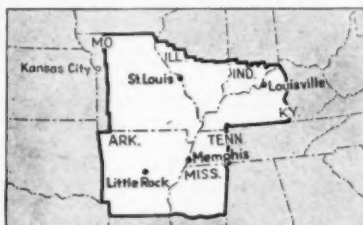
wool output was up 50% over 1940, cotton textiles 35%, shoe manufacture 20%—are no longer apt to advance sharply. Woolen mill operations will be restricted by raw material supplies (BW—Jan. 10'41, p74), cotton textile production is already close to capacity.

Armament will continue to lead in employment gains. Coastal shipyards will hire some 15,000 workers in the next six months, and aircraft and ordnance concerns in Connecticut and central Massachusetts will also draw on the labor market. But new plant construction may lag behind that in other Reserve districts.

Partly because of drought, New England farm income last year increased only 10%, as against 25% for the nation. But, under the Department of Agriculture's new program (BW—Jan. 26'41, p46), output of this area's main products—milk, eggs, potatoes, tobacco—is to be increased; and prices are rising.

up fully 50% from 1940, planting allotments are not to be raised, and the record 1941 yields will be hard to beat.

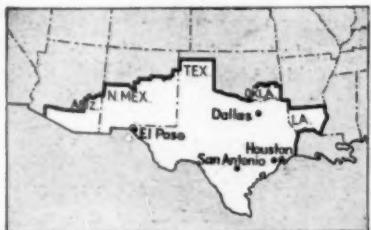
Retail sales gains have been running above average generally, especially in southern rural areas, in and around Memphis and Little Rock, and in such arms-stimulated towns as Milan and Jackson, Tenn., Greenville, Miss., and Malvern, Pine Bluff, and Jacksonville, Ark. In the north, St. Louis, Louisville, and their environs have been outstanding.



195,902 sq. mi.

pop. 10,187,405

DALLAS (Income Index—154.2; Month Ago—150.4; Year Ago—126.4) —Bulging factory, construction, and cantonment payrolls have more than made up for the customary winter slack in this widespread agricultural Reserve district. Iron furnaces and a TNT plant have been newly projected for northeast Texas, a magnesium works for Austin, and an ordnance depot and shipways for Houston. Moreover, \$100,000,000 programs for military construction and syn-



386,447 sq. mi.

pop. 7,733,748

thetic-rubber plants are "in the works."

Agricultural prospects also are outstanding. The abundance of subsoil moisture augurs well for scheduled boosts in cotton and other plantings this spring; and the excellent range and pasturage will provide feed for ever-increasing cattle herds and the record lamb crop expected this month and early next. Also, farm prices are rising. (Last year, farm receipts gained more than the nation's though cotton pick was off 15% and livestock were held off the market.)

A cold snap early this month damaged winter wheat and caused loss of flesh on range cattle in northwest Texas, around Lubbock, Abilene, and Wichita Falls, where 1941 farm income gains of more than 50% were tops for the district (BW—Nov. 1'41, p42). But preparations for seeding have been satisfactory elsewhere and shipments of southwest Texas citrus and truck crops are running ahead of 1941.

infancy, charges were made that foods lost their vitamin and mineral content during the canning process. To meet these charges, the National Canners Association underwrote a scientific study which resulted in disproving the charges. Since then N.C.A. has been content to let well-enough alone, has sought to boost the consumption of canned foods simply by continuing traditional home economics promotion, with no special reference to vitamins.

Now with vitamins in the forefront of dietary discussion and with government-sponsored programs for fortified flour, bread, and oleomargarine, the canners are finally jumping on the bandwagon—apparently in an effort to prove that, from the vitamin and mineral standpoint, canned goods are as nutritious as when they were packed. Matching funds to be put up by the can companies, the N.C.A. approved the establishment of an impartial scientific advisory board to dole out fellowships and other funds for research on canned foods.

RIPE OLIVES GAIN

Complete national distribution of canned ripe olives was not achieved until about six years ago, when the industry launched a vigorous promotion campaign.

Recently directors of the California Olive Assn., meeting in San Francisco to review results of the packing year, discovered that 1,184,000 cases of canned ripe olives had moved to markets in 1941 compared with 662,000 in 1936 and 866,000 cases in 1940. About four years ago, California consumed some 54% of the total pack; last year the percentage dropped to 35%.

One of the biggest boosts the ripe olive packers have had lately is development of a pitting machine by the Lindsay (Calif.) Ripe Olive Cooperative Assn. Because the pitted olives can be stuffed with any delicacy desired, the use of ripe olives for hors d'oeuvres has greatly increased.

MAIL ORDER LINES CHANGE

Traditionally the big mail order house catalogs are A-1 prognosticators of the shape of things to come in all retail trade. A mail order outfit cannot risk advertising wares which will not be available for volume reorders. Hence, catalogs must anticipate shortages, scarcities, price rises.

Sears, Roebuck's spring and summer catalog (BW—Jan. 10'41, p52), out a fortnight ago, was scanned eagerly by retailers for signs of the times. Some of them: The number of pages devoted to hard lines (hardware, house furnishings, auto accessories, china and glassware) had dropped from 265 in the 1941 spring

catalog to 249 this year; pages of "big ticket" lines (stoves, washers, refrigerators, plumbing and heating equipment, etc.), from 343½ to 294. As compensation, wearing apparel gets 387 pages this year, against 347½ in '41. Domestics (sheets, towels, etc.) get a modest 2½ page increase—from 130½ to 133.

Such farm implements as disc harrows, corn planters, mowers, and hay loaders are out entirely. So are aluminum cooking utensils.

Chain Talks Back

While eyes of food trade are on Arnold, Safeway leads a new public relations trend and defends two important policies.

Not since the furor over the Robinson-Patman Act was at its height have the corporate food chains been as touchy as they are today. It's no secret that Thurman Arnold has been building an immense stockpile of data which may result in an antitrust suit. And it's also no secret that the independent grocers—plus many a manufacturer—not only pray that Arnold will sue as hard as he can, but are also providing him with all the legal ammunition at their command.

• **Spur to Public Relations**—So now the chains—notably Safeway—are more public relations-conscious than ever. That Safeway this time is in the van of the movement is due to two recent happenings:

(1) In California, Safeway has been pushing the "Warren plan"—essence of which is that manufacturers cease all store-to-store deliveries and deliver only to Safeway warehouses with a discount (around 20%) for this reduction in service. That has made the independents hopping mad (BW-Dec. 6 '41, p85).

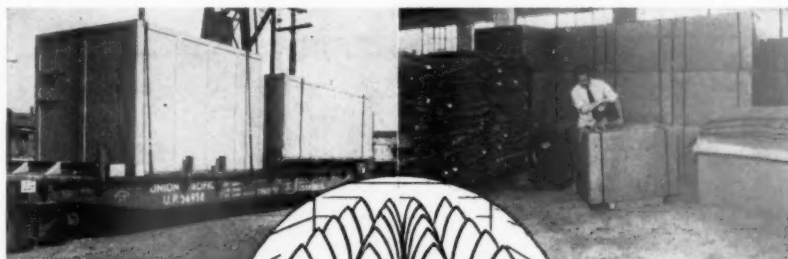
(2) When Safeway took over the Reeves chain in New York, it discontinued 180 stock items because they "had insufficient consumer acceptance." Whereupon some manufacturers cursed plenty under their breath, thinking that Safeway would substitute private brands for the kicked-out merchandise.

• **A Pair of Memos**—To calm down these tempests, and get Safeway's side of the story on the record, the chain's president, L. A. Warren, has written two memos which are gaining circulation throughout the trade press and newspapers. One concerns the Warren plan. The other—addressed specifically to Charles Wesley Dunn, counsel for the Associated Grocery Manufacturers of America—gives Safeway's views on private brands vs. national brands. (Dunn recently advised the A.G.M.A.

make **V** shipments

"BOUND TO GET THERE"

When production is completed, be sure that your "V" products are "Bound to Get There" . . . with Acme Steelstrap (for reinforcing all types of shipping packs) and Acme Unit-Load (for bracing carload freight) . . . so as to reach destination as rapidly and safely as possible. A careful check-up of your packing and shipping reinforcing methods may disclose ways to save man-hours and materials—may help assure faster delivery. Don't take chances on a "slow down" at this vital point, at this critical time . . . have the check-up made now.



AIRCRAFT in huge boxes travel safely when braced to flat cars with Acme Unit-Load Bands.



OIL producers make their products "Bound to Get There."

SHELLS for the Navy travel safely—are unloaded faster when braced with Acme Unit-Load Bands.

BLANKETS for the army are packed and handled quickly and easily in Acme Steelstrapped cantons.

OVERSEAS shipments of medical supplies arrive in good condition . . . when Acme Steelstrap is used.



Manufacturers of all types of products in every American industry simplify packing, shipping and car-bracing procedures—utilize maximum carloading capacity—assure faster delivery with Acme Steelstrap and Acme Unit-Load Band applied with Acme strapping equipment.

Acme engineers are co-operating with government authorities, carriers and manufacturers to maintain the acceleration of increased production from source to final destination.



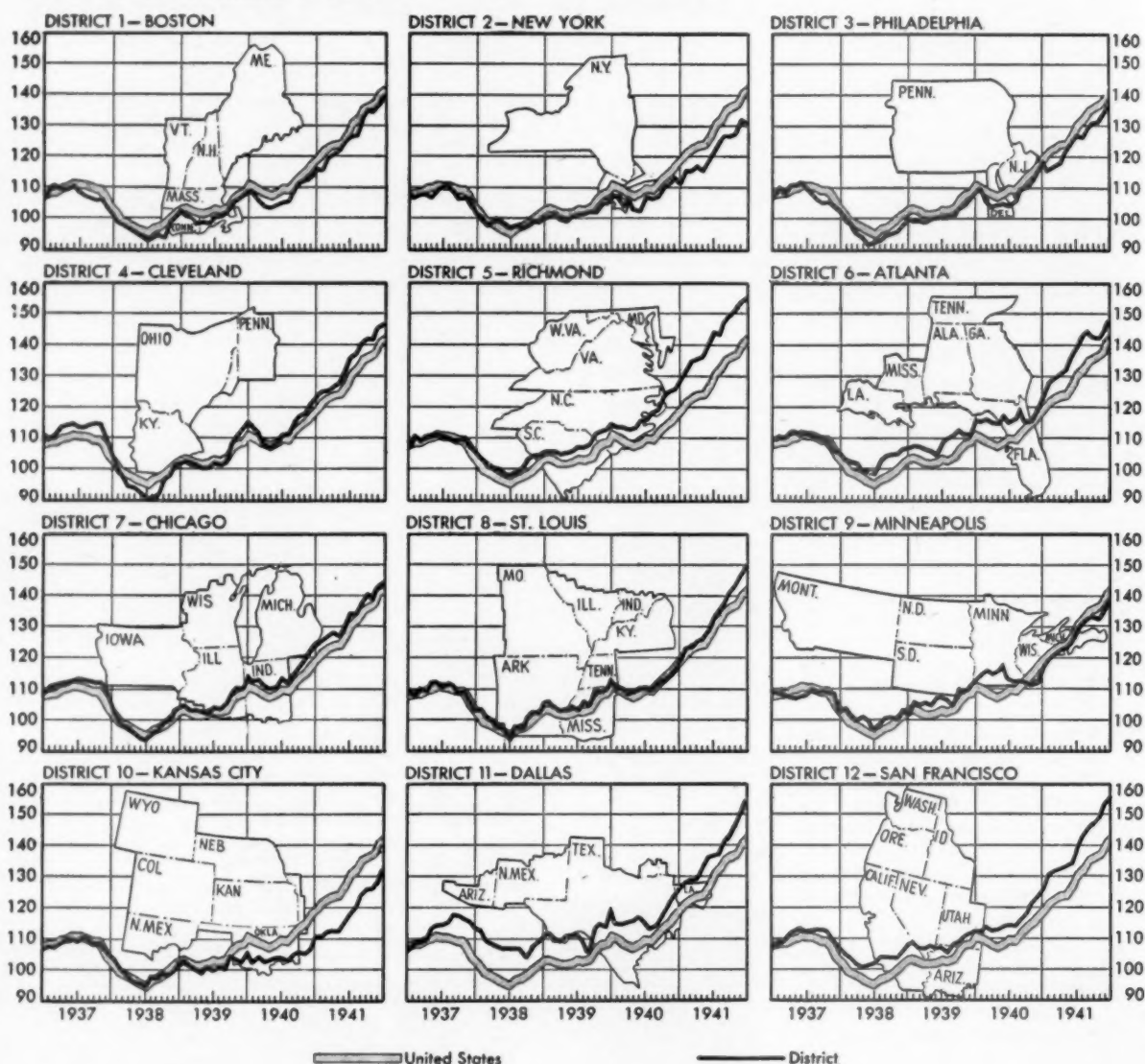
ACME STEEL COMPANY

2828 ARCHER AVE., CHICAGO, ILL.

Branches and Sales Offices in Principal Cities

BUSINESS WEEK'S REGIONAL INCOME INDEXES

A month-by-month account of the trend of purchasing power in the country's 12 Federal Reserve Districts (1935-37=100, adjusted for seasonal)



THE FIGURES:

District	*December	†November	Dec., 1940	District	*December	†November	Dec., 1940
United States	142.6	141.2	120.1	United States	142.6	141.2	120.1
District 1—Boston	139.9	136.8	116.1	District 7—Chicago	143.7	141.9	124.0
District 2—New York	130.0	132.0	112.0	District 8—St. Louis	149.6	146.9	119.7
District 3—Philadelphia	136.2	134.1	118.8	District 9—Minneapolis	138.7	134.8	116.7
District 4—Cleveland	147.0	145.9	123.5	District 10—Kansas City	131.9	128.1	111.0
District 5—Richmond	155.0	153.6	129.1	District 11—Dallas	154.2	150.4	126.4
District 6—Atlanta	147.7	144.0	123.6	District 12—San Francisco	154.5	153.2	126.1

*Subject to revision.

†Revised.

© BUSINESS WEEK

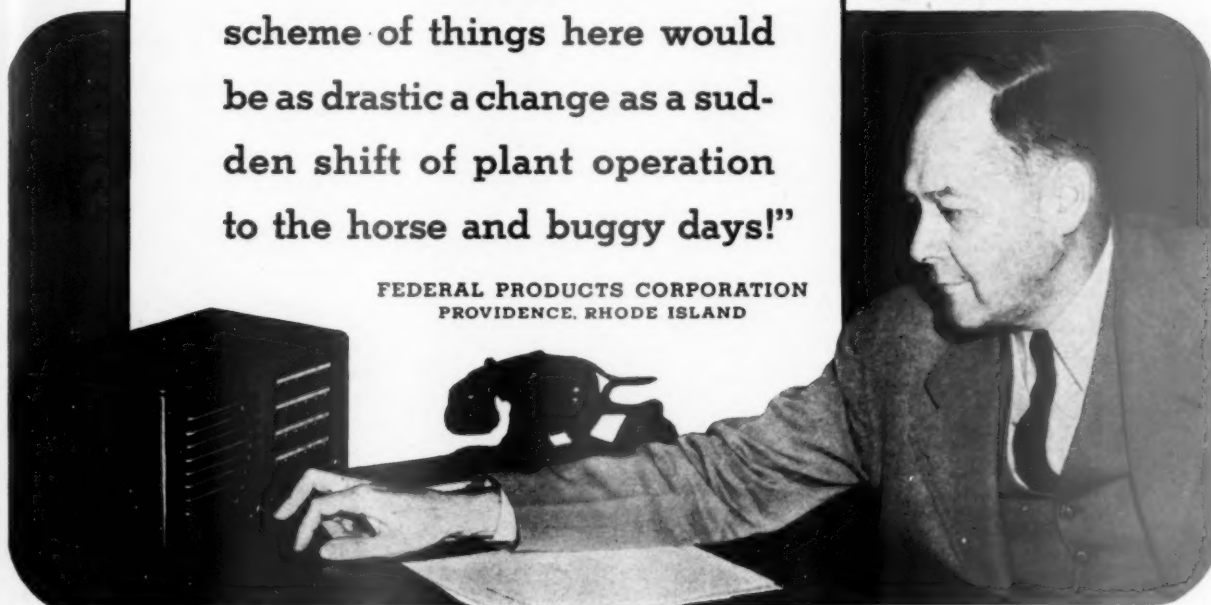
Eleven of Business Week's 12 Regional Income Indexes were up again last month. (New York was the exception, relapsing from its three-point jump of November.) Outstanding gains were scored by the Minneapolis Reserve district, up 3.9 points; Kansas City, 3.8; Dallas, 3.8; At-

lanta, 3.7, and Boston, 3.1, as compared with the national rise of 1.4 points. Since December, 1940, district increases have ranged from the low of 14.6% for Philadelphia to 22.5% for San Francisco and 25% for St. Louis; for the country as a whole the year's advance amounted to 18.7%.

**"We are 99% on defense work.
To eliminate Teletalk from the
scheme of things here would
be as drastic a change as a sud-
den shift of plant operation
to the horse and buggy days!"**

*Irving A. Hunt, Sales Manager
of Federal Products Corporation
using his Model 224 Teletalk*

**FEDERAL PRODUCTS CORPORATION
PROVIDENCE, RHODE ISLAND**



Teletalk assures speed ... and still more speed

● At Federal Products Corporation—as in hundreds of plants where speed is the order of the day, Teletalk Amplified Sound Intercommunication is saving time in many different ways.

When Federal Products Corporation first considered the installation of Teletalk, twelve stations looked sufficient. To be safe, a 24-station system was selected. So useful has Teletalk proved that all 24 are now considered indispensable.

The company's electrical engineer made the installation, hooking up an existing paging system with the 24th key of each Teletalk unit. Says W. E. Carroll, Vice President, "This feature is most convenient, particularly since we are working 24 hours a day and there is no switchboard operator after four."

Teletalk is a proved, effective answer to today's need for speed and still more speed. Time, steps, and energy are saved... efficiency is boosted... coordination is improved. Management, for example, can communicate instantly with the plant or with any department head. One department, or several at once, can be quickly consulted when information is needed for a customer calling in.

Teletalk permits conferences to be held without anyone's leaving,

his desk. Thanks to Teletalk's true, natural tone, conversation is undistorted—you recognize the speaker's voice as surely as though he were in the same room.

Teletalk—for all its time-saving efficiency, its beautiful design and superior performance—is not expensive. Installation is simple, operating cost negligible. Systems and special features are available to meet a wide variety of requirements. Consult your local Teletalk dealer or distributor or write direct for additional information.

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WEBSTER ELECTRIC COMPANY, Racine, Wisconsin, U.S.A.
Established 1909. Export Department: 100 Varick St., N. Y. C.
Cable Address: "ARLAB" New York City



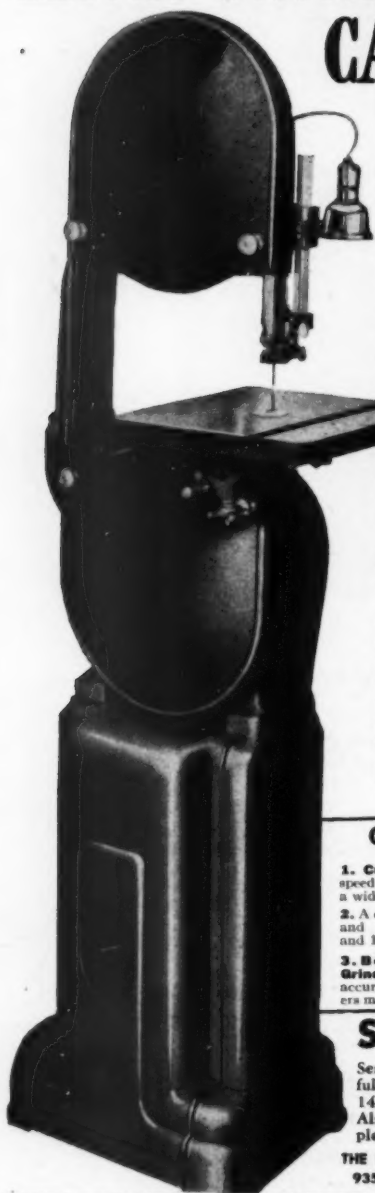
*SPEEDS THINGS
UP...
EVERYWHERE!*

WEBSTER ELECTRIC

"Where Quality is a Responsibility and Fair Dealing an Obligation"

MANUFACTURERS OF TELETYPE, COMMUNICATION AND PAGING SYSTEMS • POWER AMPLIFIERS AND SOUND DISTRIBUTION EQUIPMENT • RADIO PHONOGRAPH PICKUPS • IGNITION TRANSFORMERS AND FUEL UNITS FOR OIL BURNERS

RIGHT NOW *these Low-Cost* Metal-Cutting Band Saws CAN HELP YOU!



When you are confronted with an urgent need for immediate increased production in connection with the U. S. armament program—check into the possibilities of using this 14-inch Delta metal-cutting band saw. It is ideal for cutting

- | | |
|----------------------|------------------------------|
| • Aluminum Castings | • Monel Metal |
| • Aluminum Sheets | • Nickel Steel |
| • Hard Cast Brass | • Iron Sheets & Bars |
| • Soft Cast Brass | • Pipe |
| • Brass Sheets | • Malleable Iron |
| • Brass Tubing | • Babbitt |
| • Cast Iron | • Bakelite & Molded Plastics |
| • Copper | • Asbestos & Felt |
| • Metallic Hose | • Brake Linings |
| • Cold Rolled Steel | • Fibre & Mica |
| • Carbon Tool Steel | • Slate & Transite |
| • Bronze & Manganese | • Hard Rubber |
| • Drill Rods | |
| • High Speed Steel | |

Will help Speed up Production

There is no limit to the number of jobs you can find for this economical low-cost tool around the general tool and machine shop. And the few uses mentioned above scratch only the surface of the machine's adaptability. Once the machine is installed, there is no end to the number of jobs that are found for it!

Other Delta Low-Cost Machines

1. **Cut-Off Machine** cuts speedily and to exact lengths a wide variety of materials.
2. A complete line of single and multiple spindle 14" and 17" drill presses.
3. **Bench and Pedestal Grinders**—the safest, most accurate and efficient grinders made.



Send for CATALOG

Send for latest Delta catalog giving full specifications and prices of Delta 14-inch Metal-Cutting Band Saw. Also prices and details on the complete line of Delta low-cost machines.

THE DELTA MANUFACTURING COMPANY
935 E. Vienna Avenue, Milwaukee, Wis.



DELTA MILWAUKEE

World's largest manufacturers of low-cost, high quality drill presses
• grinders • abrasive finishing machines • cut-off machines • circular
saws • band saws • scroll saws • lathes • jointers • shapers

that there's much discrimination against national brands which might best be curbed by tougher state antitrust laws and enforcement (BW—Nov. 15 '41, p. 5).

Regarding the Warren plan, Safeway's memo contends that "Safeway, as well as regular wholesaler-warehouses and voluntary chain warehouses, can perform delivery services to individual stores much more cheaply than can the manufacturer."

• **As Regards Freshness**—As for the argument that store-to-store deliveries are necessary to insure freshness in merchandise, Safeway contends that this is a red herring. One cracker company, says the memo, found that 83% of merchandise taken from the shelves of a sample group of stores was stale.

Furthermore, the chain claims, personal deliveries are not necessary to insure adequate display and sales push. "On the contrary, actual experience has shown that sales have increased when merchandise is delivered to Safeway warehouses and is handled the regular way."

• **On Private Brands**—On the private brand front, Warren's memo states that he is in agreement with those who deplore unfair and discriminatory practices such as brand substitution, preferential treatment, defamation, etc. On the other hand, "I am afraid I cannot agree with you [Charles Wesley Dunn] that more legislation is either a necessary or proper solution. . . . The fact is that most unfair practices are either self-defeating or can be stopped by existing laws."

The memo argues that the manufacturers of nationally-advertised brands are not suffering under existing conditions. Calculating net income as a percentage of total net sales, Warren indicates that in 1940 the ratio of income to sales for Procter & Gamble was 13.96%, for General Foods 9.96%, Standard Brands 9.07%, Continental Baking 5.91%, and Hecker Products 4.23%. The corporate chains, by comparison, had a much lower ratio: A. & P. 1.88%, Safeway 1.20%, Kroger 1.78%, First National 2.09%, and American Stores .79%.

• **A. & P. Advertisement**—A. & P. hasn't entered the publicity arena as two-fistedly as Safeway. But it has plugged the chains' theme song—efficiency in distribution—in a recent newspaper advertisement appearing in 3,000 newspapers. Tying in with the uproar over rising prices, the ad said: "Today we are providing food for our customers at the lowest gross profit rate in the history of the retail grocery business. This means we have achieved efficiencies in the distribution of food never before obtained. . . ."

The independents, however, are screaming that these efficiencies are a euphemism for an alleged "squeeze" on manufacturers and farmers.

PRODUCTION

Gold in City Dump

That's literally true, but more important is the recovery of strategic tin by "mining" of Los Angeles accumulation.

Just before the defense program got underway, two ingenious fellows built a mill and began working the old Los Angeles city dump for waste metal. Last week they reviewed results and concluded (1) that it now looks as though the old dump might hold several thousand tons of easily recoverable tin, (2) that other city dumps throughout the country may be worth prospecting, (3) that if other dumps are as rich as this one, the country might conceivably replace its annual tin imports of about 100,000 tons for several years.

• **How Operation Started**—The Los Angeles dump was piled up between 1900 and 1930, then abandoned. Mexicans screened the top for pieces of copper and brass, with occasional silver coins and spoons, and even a gold coin now and then.

Walter Illick, a practical mine mechanic, milled ten tons of stuff taken from the dump, and found such values that Arthur Hudson, proprietor of a near-by sandblasting plant (Commercial Sand Blast Co., 2638 East 26th St., Los Angeles) joined him in making arrangements to work the dump and finance a mill. The mill was built of second-hand equipment, cost \$15,000, is still being paid for, handles 100 tons a day. There are 250,000 tons of "ore" in sight, and maybe the dump goes down deep—nobody knows.

• **Now or in the 1950's**—At this rate the job will be cleaned up some time in the 1950's, but the obvious thing to do, says Illick, is to put in machinery to clean it up quickly, get the metal for war, and work other dumps in California that he has located.

Many of the tin cans thrown on this dump were soldered, antedating the double-seamed can. Rubbish is burned, the solder melted, and 10 lb. are recovered per ton, up to 60% tin, around a quarter-ton of tin daily. Several tons of scrap iron are sorted out by magnets, and the nonferrous materials, with broken glass and other debris, are run through a washer, a screen, and over sorting belts.

• **Copper and Nickel**—The yield includes a great deal of brass and copper, not much aluminum, and a surprising number of nickel-silver spoons, forks and knives, presumably thrown out with trash, because no garbage was hauled to



Somewhere West of Frisco

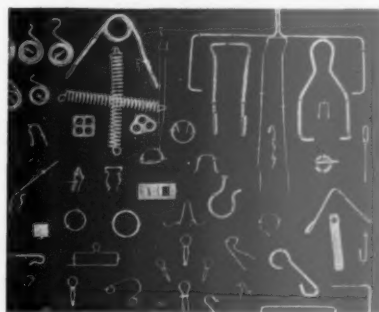
X-Ray Eyes could see hundreds of Wissco precision steel parts in this picture.

They are in aircraft engines and instruments... in fire control apparatus... in paravanes to destroy mines... in machine guns, bombs... and in other war equipment and materials.

Our blast furnaces and mills, and the thousands of men in Wickwire Spencer are setting new production records, working night and day, to help speed America's fight against Axis tyranny.

Most of these precision parts are familiar Wissco products, drafted for Victory needs because of their physical stamina and dependability. We are turning out so many now, so fast, that new techniques and improvements developed will make them even more helpful to peacetime industry... later.

Meanwhile, do you have a Victory-program need on which we can help? Send details and priority rating to department B-1, Wickwire Spencer Steel Company, 500 Fifth Avenue, New York, N. Y.



Wissco products include springs and formed wires, as shown above—wire rope, fine wire, welded fabric, high temperature conveyor belts, chain link fence, wire mesh, perforated metals—and many more.



**WICKWIRE SPENCER
STEEL COMPANY**

Seven Plants, in MASSACHUSETTS, NEW YORK, PENNSYLVANIA and ILLINOIS

this dump. (Garbage is rich in cutlery values.)

There are also some copper and silver coins, Chinese brass "cash," and enough gold in occasional coins and jewelry to make up about an ounce a day. Roughly, the material shows a mine-run profit of \$2 or \$3 per ton. Even broken glass is sorted for colors, and a man can gather a ton a day and make wages.

● **Advice to Officials**—Illick's investigation of other dumps leads him to advise that city officials and waste material men locate old dumps all over the country, sample them for values, and if they can be worked profitably, install mining equipment for quick recovery of war metals.

Even village dumps, if formed during the soldered-can era, prior to about

1910, should hold tin values that make them worth working, Illick believes. Many dumps have been covered up and built over, but as the city dump was generally "south of the tracks," the realty values are moderate and removal of houses would in many cases be possible if justified by war-metal yield.

● **Mining Methods**—Dump salvage is largely a mining proposition, if experi-



TIMBER FARM

In an annual meeting which featured the subject of reforestation, members of the West Coast Lumbermen's Assn. assembled in Portland this week heard details of a gigantic reforestation by Crown-Zellerbach Corp., San Francisco. Before 1947 the company will plant 6,000,000 trees (300,000 next month)

as part of a program to maintain pulp timber supplies in the Pacific Northwest.

The plan is an outgrowth of forest conservation and replacement research that is being done jointly by lumbermen, paper mills, and state authorities in the Pacific Northwest. At the heart of the effort are a half-dozen huge "tree farms" where replacement and fire pro-

tection methods are tried out on a large scale to be applied later in private forest holdings. Probably the most spectacular of these is the Clemons Tree Farm, a 130,000-acre tract in Grays Harbor County, Wash.

Its first crop won't be harvested until 1950, and part of its present planting won't be cut until 1990.

In the middle of the farm are its headquarters (left, above), surrounded by a sea of green hemlock, spruce, fir, and cedar. The whole 200-sq. mi. area is bordered by natural fire lines, streams, and ridges. Soil conditions encourage fast timber growth but minimize fire hazards. Despite these natural protections, owners have assembled about \$100,000 of fire-control equipment, operated at a cost of about \$19,000 a year, and built 170 miles of road to reach danger spots quickly. Headquarters are connected by direct wire with six lookout towers and by two-way radio with fire-fighting trucks in the field. The trucks, equipped with 3,000 ft. of hose, take on water at dams which have been built beneath bridges to facilitate access; or they can pump water directly from the stream if a fire is nearby (left). Fire fighters are equipped with portable pumps (right, above)—easily packed on a man's back—which can shoot a stream of water 300 ft. high or can pump water through a mile of hose.



ence on the Los Angeles property is a guide. This dump is free from concrete, brick, timbers and other building materials, often thrown in with the tin cans. The stuff is easily scraped into the mill with a drag-line, and the equipment used is all second-hand mining machinery, with sorting done by common labor.

The material is first washed and broken up in a rotating drum. Then magnets remove iron. Nonferrous material passes through a revolving drum that screens out everything the size of a dime. The large material is hand-sorted on belts; the small nonferrous goes to metal refineries.

• **Tons of Rust**—The end product is tons of finely powdered iron oxide (rust) for which no use has yet been found. The Los Angeles dump may be especially rich because, along with the tin cans, there is a good deal of waste from machine shops, sheet metal works, tin-smiths, and even dental laboratories.

Rushing the Ships

Merchant tonnage figure may be least difficult of goals set by President. Big factor will be use of more man power.

The 18,000,000-ton merchant ship schedule probably will be accomplished with less difficulty than any of the other 1942-43 war production objectives marked out by the President. It is no cinch, but shipbuilding, primarily because it is not precision work, does not involve as much agonizing as the manufacture of planes and guns.

• **Programs Compared**—The tonnage program laid out before Pearl Harbor was 1,100,000 tons in 1941; 5,000,000 tons in 1942; and 6,000,000 tons in 1943. The President called for completion of 8,000,000 tons in 1942 and 10,000,000 more in 1943, making the 1942-43 program more than half again as big as it was before.

But this increase will not require a 50% expansion of yards and ways by any means. The Maritime Commission states that the increase of facilities, now being figured out, will be quite small. The extra tons will be built in large part simply by the employment of more man power.

• **Stretching the Clock**—In early 1941, the merchant ship construction work week was five eight-hour days—40 hours. On May 1, the commission ordered the week lengthened to 48 hours. Then came two shifts, boosting the facilities week to 96 hours. Now the commission is putting the industry on a seven-day week of three shifts, working facilities practically a 168-hour week (page 65).

The result is that a way which pro-

"MOVE ON!"

You don't belong here!



THE guard outside your gate may protect your plant from dangerous aliens, spies and saboteurs. But—how about the destructive enemies **ALREADY INSIDE?**

DUST is one of the worst of these. It attacks machines, products and the efficiency of workmen—without warning—striking steadily and continuously—deducting its costly damages **DAY AFTER DAY FROM YOUR PROFITS.**

PUT AN END TO THIS DUST LOSS RIGHT NOW! Protect your

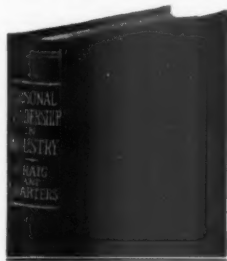
plant, products and production by eliminating dust—with Pangborn all-metal frame, cloth screen Dust Collectors. A size and type for every requirement. Economical to install. Costs practically nothing to operate and maintain.

For a clear presentation of Industrial Dust Control for Defense—
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duced two ships in a given period will now produce three ships.

• **More Shop Capacity**—Of course, it's not as easy as it looks. Much more shop capacity will be needed and all yards are driving to get it ready. The industry also needs many more men. Normal employment is 100,000. The total now is 500,000. Later this year it will go up to 800,000 men.

One technical job that slows ship-building is turbines and gears. A \$50,000,000 plant expansion to meet this requirement is under way in such companies as Westinghouse, De Laval, and General Electric, financed by RFC and the commission.

• **Steel Plate**—The commission does not believe it will run into a steel-plate shortage, like those which have embarrassed it in the past. The main reason for this confidence is that industry is being pushed up from around 25% war production toward a maximum this year of 50% or 60%. That means adequate plate for shipping will be diverted from civilian production. The 10,000,000-ton steel capacity expansion authorized recently promises adequate rolling output for a few months hence.

Self-Blacking Signs

Problem of dousing lights during air attacks is solved by use of tiny radio device that is tuned to carrier wave.

Lighted outdoor signs no longer need to ruin blackouts or be destroyed by angry crowds. Instead, the signs can be fixed to shut themselves off when a blackout begins.

The device that does the trick is in effect a tiny radio set tuned to the carrier wave (not the sound wave) of a near-by radio station. When the carrier wave stops, as all such waves do whenever the enemy gets near enough to cause a blackout, the set activates relays which switch off the current and douse the lights of the sign.

• **Initial Order of 10,000**—General Outdoor Advertising Co. owns the patent on the device. Majestic Radio Co. of Chicago is turning out an initial order of 10,000, will turn out more when priorities can be arranged.

The whole thing started when A. J. Cusick, sales executive of General Outdoor Advertising, remarked to his friend Gene O'Fallon, manager of Denver's radio station KFEL, that there should be some way to lick the problem of blacking out signs. O'Fallon called in his engineers, including Charles Hastings (who has just gone to Bell Laboratories) and Merle Floegle.

• **"So Darned Simple"**—They discussed and discarded such ideas as tuning a



FEMININE TOUCH

Girls are taking over the machine-shop jobs of men in the service at the Chicago plant of American Gear & Manufacturing. One of the company's best milling-machine operators tried to join the Navy some time ago, was told he was fully as valuable on his job. He offered to teach his sister the work, and when she caught on quickly the management decided to try others. More than 20 girls now are training or are running machine tools—gear cutters, turret lathes, engine lathes, milling machines, drill presses.

gadget to sirens. Then, says O'Fallon, they hit on use of the carrier wave—"so darned simple." Perfected, the device was sold to the big advertising company, which now owns all rights.

A delayed relay contrivance keeps the signs from lighting up again when carrier waves come back briefly for blackout instructions or news. The device can be used to turn off such signs and show windows when the station goes off the air, which is usually after people have left the streets. It can turn off lights in cross-country buses and trains, and can be modified to turn off signs or show windows.

SOAP FROM PETROLEUM

Announcement this week by the American Petroleum Institute, New York, that a free-lathering soap can be made from petroleum gives assurance against a soap shortage that might result from Japanese interference with shipments of coconut and other soap oils from the Far East (BW—Dec. 27 '41, p53). The process behind it, developed by Colgate-Palmolive-Peet Co., Jersey City, is still in the laboratory stage, but capable of fairly rapid expansion.

NEW PRODUCTS

Map Case

In the electrically-operated new McCauley Map Case, which houses and displays maps 8, 10, or 12 ft. wide in continuous rolls up to 250 ft. in length, the storage compartment at the bottom is insulated against fire. Maps are attached to each other by "zippers," each rolls into viewing position automatically. The front of the storage compartment can be raised to drafting board position,



when needed, carrying any map with it and providing a linoleum-covered working surface 24 in. deep and as wide as the map. The outfit is custom-built by Motors Metal Mfg. Co., 5936 Milford Ave., Detroit, and is also available for manual operation.

Rubber-Saving Wire

A secret new process of insulating flexible stranded wire with chlorinated rubber uses 40% less raw rubber than standard rubber coverings of the same dielectric strength, and results in "Tensululated" Wire. The insulation, which is sulfur-free, is "impervious to water, oil, grease, weak acid, alkali, brine, perspiration, etc. It does not become brittle when very cold and it develops no transmission noises even when severely kinked." The Tensolite Corp., North Tarrytown, N. Y., makes it in the following two types: one which is self-stripping at the touch of a soldering iron; the other which merely softens when very hot. Both types start to melt at 150 to 160F.

Push-Button Typewriter

Wherever there is any appreciable quantity of repetitive material to be typewritten—as in sales letters, purchase orders, production instructions, customer bills, etc.—the new Auto-typist Push-button Model comes in. As built by American Automatic Typewriter Co., 614 N. Carpenter St., Chicago, the machine is equipped with two banks of 40 keys each in addition to the standard



The brush that helped boost the bomber birth rate

● Insignificant little thing, isn't it? But it's speeding up an important operation in bomber assemblies 700% at one of America's top-ranking aircraft plants.

This tiny Osborn brush was especially designed and manufactured to meet a need uncovered by the O.B.A. (Osborn Brushing Analysis) conducted in that plant. In one of the mammoth assembly bays it was noticed that a crew of workers was removing zinc chromate priming from around rivet holes in wings and fuselages with small sandpaper discs. Why remove the protective priming? To make possible a strong metal-to-metal bond when it's riveted.

But the sandpaper "loaded up" after use on a few holes and had to be replaced. Entire crews of men were kept busy 24 hours a day sanding holes and replacing sandpaper discs. The Osborn

Brushing Specialists studied the operation and suggested a brush for the job. Samples were made and tested. This was the result:

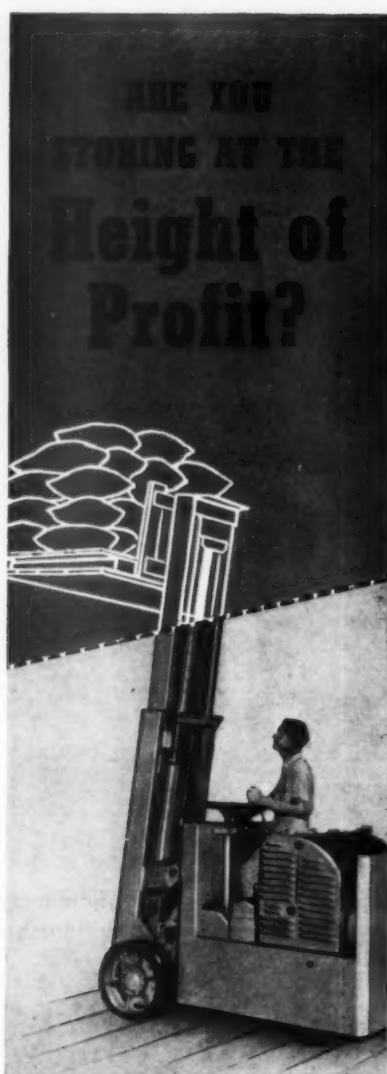
With Osborn brushes no bigger than your finger, but incorporating a special pilot that fits the rivet hole, automatically locating the brush, one man now does what it took 7 to do before. Output per man went up 700%—and badly needed aircraft workers were made available for other important work.

That little brush made a whale of a contribution in speeding up this operation on big bombers. Perhaps an Osborn Brushing Analysis will uncover striking economies in men, material and time in your plant. Write today for complete information on this important Osborn service. *The Osborn Manufacturing Company, 5401 Hamilton Ave., Cleveland, O.*

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A Mercury Tilting, Tying Fork Truck can double your storage space without increasing your floor space . . . by stacking your goods smoothly, swiftly, economically, up to your warehouse ceiling — up to the height of storage profit!

Speeds all loading and handling jobs . . .

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keyboard. Each bank controls a perforated paper roll, similar to one used in a player piano but accommodating punchings for 200 lines of type which may be divided into complete letters, paragraphs or groups of paragraphs, single or multiple billing entries, names and addresses of frequent customers, etc., up to 40 separate items per roll. Each key controls an item. A single typing



job may therefore be made up of any combination of the 80 items on the two rolls, and if they are not enough, you can insert substitute rolls. The machine stops automatically for hand-typed "fill-ins," such as dates, freshly dictated paragraphs, or other nonrepetitive matter, adjusting itself to the length of any fill-in.

Safety and Inspection Seal

There are many uses for the new Stoffel Safety and Inspection Seal besides sealing a fire extinguisher against tampering after inspection and recharging; identifying manufactured parts; sealing drums and other containers;



sealing parts inspected by the Army and Navy for protection until they reach the assembly line; etc. Each seal has three components: a preshaped metal seal-cup; an individualized identification disk, multicolor printed; and a piece of string, cord, or two-ply wire. Once the components are locked together by special pliers, any attempt at breaking the seal will leave visual evidence. The manufacturer, Stoffel Seals Co., 188 Water St., New York, can equip pliers with inspectors' numbers, or secret symbols, to be indented into a seal at the instant of closing.

LABOR

Navy Labor Staff

Department swinging away from its stand-off attitude in disputes affecting its suppliers. Experts drawn from industry.

Many war contractors feel that the stand-off labor policy of the Navy has given them a freer hand in dealing with disputes than has the procedure of the War Department. Nonetheless, the Navy Department is beginning to abandon its traditional aloofness from the labor problems of its suppliers. It has started to get together a small staff of labor relations men to help insure continuous production.

● **Will Advise Commandants**—The men chosen, who will be attached in an advisory capacity to the commandants of the twelve naval districts, will be expected to do an educational job to improve the industrial relations practices of Navy contractors, to take a hand in any threatening disputes, and to advise the commandants as to labor angles of Navy moves.

Departmental policy on labor matters comes under Capt. L. M. Atkins, of the Shore Establishment Section of the Assistant Secretary's office. Capt. Atkins, a career officer, devotes the bulk of his time to Navy yard problems; he has not in the past felt it necessary to develop a staff of labor specialists. In situations which seemed to call for outside action, the Navy has called in the Labor Department's Conciliation Service.

● **New Section Is Created**—Recently Comdr. G. M. Keller, who has been a special assistant to the undersecretary, has been working with Capt. Atkins on labor questions. Comdr. Keller is a reserve officer who comes from industrial relations work with A.T.&T. and other firms. He has now been put in charge of a new Industrial Relations Section of Shore Establishment Section.

The twelve new labor men to be installed in the naval districts will be drawn from the ranks of company labor relations executives. No one believes that twelve men will be able to eliminate all labor disputes, nor does the Navy expect to go into the conciliation business with such a staff. It is expected, however, that their activities will minimize the necessity for calling upon the Conciliation Service.

● **Army's Procedure**—The Army, faced with the job of expanding ten times over where the Navy doubles or triples, has adopted a more centralized procedure in all its activities—including la-

bor relations. A liberally-staffed labor relations unit has been set up in Washington headed by a civilian, Edward J. McGrady.

Faced with thousands of new problems, the War Department unit has tended to lean heavily on OPM's Labor Division. Munitions contractors have found that a dispute is more likely to result in the appearance of a "government man" if the firm is working for the Army. And whereas the Navy contractor will frequently shake hands with one of Steelman's men, the Army contractor will more often find he's dealing with a Hillman man.

• **A Difference**—This sometimes makes a difference. As compared with the usual Conciliation Service attempt to keep as near as possible to the status quo, the approach of OPM's Labor Division seems to be that the best guarantee of industrial peace in a plant is the existence of a strong union.

Work or Fight?

Chance of keeping men on jobs in industry now depends upon management's thoroughness in studying new draft policy.

As the Army steps up the speed at which it inducts selective service registrants and prepares to register the country's entire effective man power, maintenance of the labor supply emerges as one of management's top problems. And, while there's no officially approved method for a company to go about getting deferment for necessary employees, at least there are reliable indications of the line to be followed in approaching local draft boards and the occupational advisers in selective service state headquarters. Here's a working outline of the setup:

Deferments from Service

(a) Dependency deferments, in Class III-A, will be continued to be granted those registrants upon whom one or more persons rely for support, provided such dependency status was not acquired for the purpose of evading military service.

(b) Class II-A deferments of "necessary" men in civilian activities, and pursuits which contribute to the war effort will be reopened during the coming six months and deferment will not be renewed unless the employer is able to convince the local board that a reasonable but unsuccessful effort has been made to obtain or train a replacement for the registrant.

(c) Class II-B deferments of registrants whose employment is essential to the national safety and whose induction into the armed forces would interfere



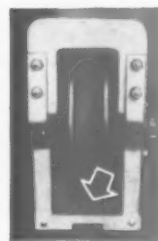
When you buy a crane, you should note two distinctive features common in all Whiting cranes. They are *quiet* and *efficient*. Quietness in itself is not always of major importance, but quietness is an indication that there is *less wear* and *less power loss*—and these points are important.

Efficient crane performance and long crane life depend largely upon design details that are not readily apparent. If you want your money's worth, it's up to you to insist that all vital points have been designed for least wear and maximum efficiency. In Whiting cranes, every vital point has been given individual consideration.

Precision-cut, smooth-running herringbone gears provide efficient transmission of power. Whiting cranes also feature roller bearings, tapered-tread drive wheels, and rotating axle bearings. Capacities from one to 400 tons. Also, electric hoists from ½ to 7½ tons. Whiting Corporation, 15661 Lathrop Ave., Harvey, Ill. *Builders of quality cranes for over fifty years.*

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ARMS and the MEN

The toughest problem for Mr. Nelson in getting his "new" War Production Board functioning at the speed needed to reach the tremendous production figures called for in the President's new War Goals is still the oldest and toughest problem—finding the right man for the job.

In industry, as in government, clumsy organization, lack of power equal to the job on hand, unbalanced distribution of work loads, buck-passing, friction, all share the blame for slow, sub-standard production . . . but much of it simmers down to the failure to find—or choose—the right man.

Confusing detail obscures the main problem . . . and lack of sound judgment—ability to understand the requirements of a given situation and fit it into a large, over-all plan—is still the main reason for failure, in business and industry.

Capable men are hard to find, but there's one place they're sure to be—at, or near, the top . . . and you're more than likely to find the man you need for that tough job reading "over your shoulder" right now. Top Management men—118,000 of them, read *Business Week* to find clues to solutions of tough business problems. The "clues" non-display advertising section is reserved for bringing employment and other business opportunities to their attention. Rate: 50 cents per word; \$5 minimum. The next "clues" issue—Saturday, Feb. 7—closes for press Tuesday, Feb. 3.

with the war production may be reopened in the coming six months but there is a greater presumption of extension of deferred status than of registrants in Class II-A.

(d) No change in policy has been made in deferring registrants who are physically unfit.

Replacement of Employees

(a) During the period of occupational deferment it is necessary that employers make every possible effort, consistent with war production of food, equipment and ships, to find and train replacements from any of the following groups: Men deferred for dependency; men deferred for disability; men outside military age; women.

(b) Requirements with respect to training replacements now are very different from those in force before a state of war existed. Employment of men above 44 years of age and those unfit for military service may not be to the liking of employers, but where present employment policies conflict with the needs of the armed forces, or with the necessity of war production, first consideration will be given Army needs.

(c) Employers who make every reasonable effort to train replacements for men who are subject to military service can expect every assistance from state selective service headquarters.

Assistance on Labor Supply

(a) Employers should consult the occupational adviser attached to state selective service headquarters.

(b) Employers should register their labor requirements, present and anticipated, with the nearest U. S. Employment Office.

(c) Further assistance may be obtained from the War Production Board's state labor supply committee which cooperates with employers in recruiting or training through preemployment training (vocational training in sheet metal work, welding, aircraft, etc.), training within industry, and college level defense training.

State Occupational Advisers

Alabama: Maj. James T. Johnson, O.D., Montgomery.

Arizona: Col. Alexander A. Laird, C.E., Phoenix.

Arkansas: Lt. Comdr. Edwin L. Olds, USNR, Little Rock.

California: Col. Walter H. Adams, O.D., Rowan Bldg., Los Angeles; Lt. Col. Clarence C. Harshman, O.D., 1800 Mission St., San Francisco; Maj. Howard P. Witten, O.D., Plaza Bldg., Sacramento.

Colorado: Maj. Archbold R. Jones, C.W.S., 300 Logan St., Denver.

Connecticut: Maj. Herbert J. Schwabacher, C.E., State Armory, Hartford.

Delaware: Capt. Theodore E. White, QMC, State Armory, Wilmington.

District of Columbia: Lt. John R. Browne, F.A., National Guard Armory, 6th & Pennsylvania Ave., N.W., Washington.

Florida: Maj. Heber Couchman, JAGD, St. Augustine.

Georgia: Maj. Charles J. Brockman, C.W.S., Atlanta.

Idaho: Lt. Col. Norman B. Adkison, 200 Capitol Securities Bldg., Boise.

Illinois: Col. Harris P. Ralston, C.E., Springfield; Maj. Lloyd W. Warfel, C.E., Illinois Selective Service Admin., 105 West Monroe St., Chicago.

Indiana: Maj. Howard G. Wade, O.D., 711 N. Pennsylvania St., Indianapolis.

Iowa: Lt. Col. Robert J. Shaw, Inf., Des Moines.

Kansas: Maj. Harold M. Smith, C.W.S., Topeka.

Kentucky: Lt. A. Gayle Hamon, O.D., 333 Guthrie St., Louisville.

Louisiana: Maj. J. Lester White, C.E., Jackson Barracks, New Orleans.

Maine: Maj. Charles D. Bartlett, AGD, Augusta.

Maryland: Maj. Paul K. Klaesius, O.D., Baltimore.

Massachusetts: Lt. Col. Roy C. Charron, C.W.S., and Capt. David C. Bailey, O.D., 38 Chauncy St., Boston.

Michigan: Lt. Col. I. D. Brent, C.E., 1604 Cadillac Square Bldg., Detroit; Maj. John T. Naylon, O.D., Lansing.

Minnesota: Col. Norman D. Dean, C.E., 100 E. 10th St., St. Paul.

Mississippi: Maj. Joseph E. Miller, QMC, Jackson.

Missouri: Maj. Ernest E. Carlson, C.E., Jefferson City.

Montana: Maj. Frederick A. Lange, QMC-NGUS, 6th Ave. & Main St., Helena.

Nebraska: Maj. Frank B. O'Connell, AGD-NGUS, Lincoln.

Nevada: Lt. Jack M. Howell, USNR, Carson City.

New Hampshire: Brig. Gen. Charles F. Bowen, Concord.

New Jersey: Col. Oliver C. Wyman, F.A., and Capt. George E. Pierson, O.D., Armory Drive, Trenton.

New Mexico: Lt. Comdr. Roy L. Cook, USNR, Santa Fe.

New York: Lt. Col. Hoyt H. Harmon, C.E., Maj. Alexander G. MacAlister, C.E., Maj. Harry J. Lemp, C.E., 76 State St., Albany; Maj. Jules Louis Wettlauffer, Spec., 1 East 44th St., New York City.

North Carolina: Maj. Hugh L. Caveness, C.W.S., Raleigh.

North Dakota: Maj. Henry L. Roquette, FD-NGUS, Bismarck.

Ohio: Lt. Col. Furman G. Spencer, O.D., Columbus.

Oklahoma: Capt. Isaiah O. Hagen, C.W.S., Oklahoma City.

Oregon: Maj. Sol Richanbach, O.D., 412 State Office Bldg., Salem.

Pennsylvania: Lt. Col. Thomas Jenkins, C.E., and Maj. Russell W. Dobbs, C.W.S., Harrisburg.

Rhode Island: Lt. Leon C. Breault, O.D., 32 Custom House St., Providence.

South Carolina: State Occupational Adviser, Columbia.

South Dakota: Maj. Henry W. Vande Bossche, AGD-NGUS, Rapid City.

Tennessee: Maj. J. R. Crittenden, Inf., Nashville.

Texas: Col. Dwight Horton, C.E., and Capt. George S. Nalle, QMC., Austin.

Utah: Maj. Clarence M. Burton, C.E., Utah Oil Bldg., 10 W. Broadway, Salt Lake City.

Vermont: Maj. Warren B. Steele, Montpelier.

Virginia: Lt. Col. Percival S. Moses, C.E., Richmond.

Washington: Lt. Col. William H. Nelson, C.E., 203 Field Artillery Armory, 305 Harrison St., Seattle.

West Virginia: Maj. Harley H. Thompson, O.D., Charleston.

Wisconsin: Lt. Col. John B. Cuno, C.E., Madison.

Wyoming: Maj. John T. Lucey, Cavalry, Cheyenne.

Territory of Hawaii: Maj. Charles R. Welsh, S.C., Headquarters for Selective Service.

Sundayless Week

West Coast shipyards and workers agree on formula for 168-hour schedule that takes care of traditional overtime pay.

Distinction between week days and week ends has been abolished in the West Coast shipyards. From now on Saturday and Sunday are just the days that come after Thursday and Friday.

• **Pact to Be Extended**—At conferences last week sponsored by Sidney Hillman's Labor Division, the western shipbuilders, A.F.L. and C.I.O. unions, and Navy and Maritime Commission officials got together on an agreement wiping out the major mechanical obstacle to 168-hour operation of the shipyards. Over the coming weeks the agreement will be extended to yards in other parts of the country.

Maritime Commission is relying on full 24-hour, 7-day operation of all yards to attain its newly stepped-up bogey of 8,000,000 tons of shipping this year. It hopes to avoid any substantial expansion of the yards built to meet the original 5,000,000-ton quota.

• **Overtime Problem**—But seven-day operation with six-day labor requires use of some sort of swing shift working an odd week. Traditions of more than 20 years' standing in the industry provide for time-and-a-half pay for Saturday work and double-time for Sunday. Thus the shift that overlaps the weekend gets an inequitable and bothersome pay advantage over the normal shifts.

Labor conditions in the shipyards are broadly governed by the zone stabilization agreements worked out last year by Sidney Hillman. These government-management-labor pacts set the general standards that are supposed to be incorporated in individual union contracts in the area. One covers the West Coast yards, others the Gulf, Great Lakes, and East Coast areas.

• **Porter's Plan**—Paul Porter, a long-time labor man who is given credit for having achieved A.F.L.-C.I.O. peace on a local basis through his editorship of "Kenosha Labor," is Hillman's shipyard man. At the conference last week, Porter induced the unions to change the Saturday-Sunday rule to a sixth day-seventh day rule. The individual worker is to get time and a half for the sixth day he works in any week and double time for the seventh—with no attention paid to the name of the day.

The agreement having been ratified at union meetings early this week, Porter will now seek similar amendments to other zone agreements. Failure to get a majority vote for the change in a few locals is not expected to be serious. The principle that a majority of the whole

AMPCO METAL-



The Ampco-equipped experimental model of the Northrop Wing marks a new development in aircraft design.

Used in advanced Engineering Development

THE use of Ampco bronzes in the flying test model of the latest aircraft development—the sensational new Northrop Wing—is another acknowledgment of the ability of Ampco alloys to stand up under severe service conditions.

Important designing engineers in many diverse industries know the advantages of Ampco Metal, a sturdy alloy of the aluminum bronze class. Wherever a troublesome part is encountered—wherever a part is subject to unusual friction or shock—they use Ampco Metal to give more satisfactory performance, as Ampco has proven superior resistance to wear, impact, and fatigue.

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Dept. BW-1 Milwaukee, Wisconsin



coast controls survived two much stiffer tests last year when San Francisco machinists failed to maintain their traditional double pay for overtime and Bethlehem accepted the closed shop in its West Coast yards.

Independent Issue

F.I.U. plea to NLRB may settle affiliation problem for several strong groups that have been shunning all ties so far.

Efforts to federate unions belonging neither to A.F.L. nor C.I.O. have been made for several years (BW—Feb. 26 '38, p16). The Federation of Independent Unions currently claims to represent

some 200,000 workers. But many of the strongest independents, like the telephone workers, have hesitated about joining the federation. The reason is that they wanted to be sure that there would be no suspicion of company domination.

Last week brought a development which, no matter what the merits of the facts involved may be, is going to help the holdout independents to make up their minds. The federation appeared before the National Labor Relations Board to ask that hearings on charges that Curtiss-Wright Corp. had dominated Propeller Craft, Inc., an independent union at its Clifton (N. J.) plant, be postponed until after the war.

• **Board Rejects Plea**—NLRB turned down the request, said that canceling the hearings would mean virtual suspension of the Wagner Act for the duration

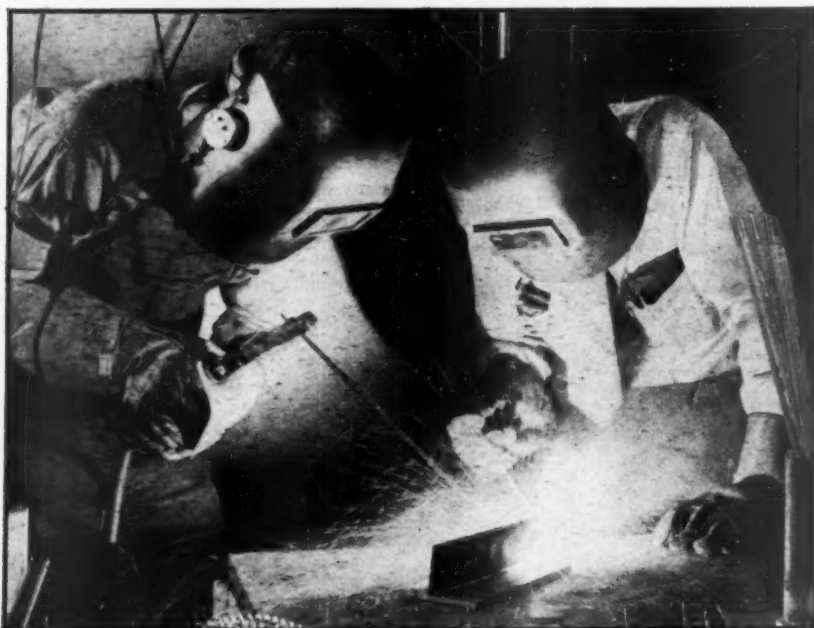
of the war and would increase the number of strikes. Though the federation argued that the hearings would interfere with war production, consensus of neutral labor observers was that, by the mere fact of putting itself in the position of asking that the question of company domination not be examined, the organization had effectively frightened away all those independent groups which had been waiting to see which way the wind was going to blow.

Concurrently, the chartering of the National League of American Labor, as a proposed nucleus for federation of independents was reported from Cleveland. This new group is being built around the Automotive and Aircraft Workers Alliance, now under C.I.O. attack at Thompson Products, Inc. A.A.W.A. describes itself as the country's second largest unaffiliated labor organization, claims to have 5,722 members.



TALKING HELMETS

Apprentice welders at Caterpillar Tractor Co. now receive instructions via telephone as they work. One-way telephones connecting instructors and apprentices speed and improve training. As devised by K. H. Jackson, the instructor's helmet has a transmitter; the trainee's a receiver. Under the usual training setup, work stops during instruction because helmets must be removed; with telephones, work proceeds as the instructor tells the student to shorten or lengthen his arc, to change the angle of the electrode, to slow or speed up the rate of travel, and, in general, to correct mistakes before they happen.



P. S.

A minimum wage of 40¢ an hour has been recommended for the textile industry (exclusive of woolen and knitted goods) by a committee appointed under the Wage-Hour Act. If the increase is approved by Wage-Hour Administrator Thomas W. Holland, about 150,000 out of 750,000 employees, mostly in the South, will receive increases. . . . C.I.O. shipbuilding workers feel they have won a major victory. Acting on an intermediate report turned in last June (BW—Jun. 21 '41, p52) and more recent oral arguments, NLRB has ordered Sun Shipbuilding and Dry Dock Co., Chester, Pa., to "disestablish the company-dominated Sun Ship Employees Assn." to cease giving effect to its contract with the organization, and to "cease discouraging membership" in the C.I.O. Industrial Union of Marine and Shipbuilding workers or any other organization. . . . Peoples-Pittsburgh Trust Co., Pittsburgh, Pa., has initiated an employee profit-sharing plan which it believes is the "first in the banking industry." The plan provides that 40% of the bank's earnings between \$600,000 and \$800,000 a year will be distributed to employees earning \$250 a month or less; when earnings reach \$900,000, higher-salaried employees come in on the plan. Additions to salaries will be computed monthly, based on earnings for the previous three months. This month, first that the plan has been in effect, workers in the lower bracket get as much as 11% tacked onto paychecks. . . . A batch of specialists in wartime management of industry is being trained by Stanford University. They are taking such courses as procurement, war-industry financing, control of commodity prices, personnel selection and training, and production management under around-the-clock conditions.

FINANCE

Listed vs. Unlisted

Feud between exchanges and over-counter interests hits boiling point in House hearings on amending Securities Act.

Executives of companies that handle a great slice of this country's total business, yet haven't any securities listed on any exchange, are watching closely the outcome of a row now being aired before the House Interstate and Foreign Commerce Committee. The controversy affects an estimated 1,600 companies, each of which has assets topping \$3,000,000 or more than 300 stockholders.

• **Many Viewpoints**—The rumpus arises in connection with pending amendments to the Securities Exchange Act of 1934. The changes are advocated variously by the stock exchanges, over-the-counter dealers, investment bankers and the Securities and Exchange Commission—but few have the unanimous backing of these groups (BW—Aug. 16 '41, p. 67). The changes that would compel unlisted companies to list, or at least to disclose as much information as listed companies, have been argued for a long time (BW—Dec. 7 '40, p. 50).

The New York Stock Exchange and the New York Curb Exchange want more volume on their markets, naturally enough. One way they might get this (the misery-loves-company theory) is to require unlisted corporations to comply with the rules on listed companies which require bulky public statements, revealing proxy solicitations, numerous financial reports, and a variety of other types of disclosures. Bereft of present advantages, they might list.

• **Curb's Attitude**—George P. Rea, president of the New York Curb, would ban short sales by officers, directors, and large stockholders of unlisted corporations, and he would require reports on "insiders' stock dealings. Moreover, he went so far as to tell the state securities commissioners (BW—Oct. 11 '41, p. 73) that they shouldn't approve sale of any security in their states if the issue was not listed on an exchange.

Bad feeling already was brewing between the National Assn. of Securities Dealers (self-disciplining association of 2,900 over-the-counter houses) and the Curb when Mr. Rea made his speech. New York dealers in unlisted securities for years have made no secret of what they thought of the Curb, and their opinions haven't been complimentary. When they saw Mr. Rea launching what they believed was a raid on their



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THE MARKETS

Prices of many leading commodities this week rose to new five-year, twelve-year, and even all-time highs; municipal bonds dipped sharply on fears of taxation of income, then recovered; and a few select common stocks climbed to new highs for 1941-1942.

• **Some of the Tops**—Wheat, corn, and rye hit their top levels for more than five years. Hog prices exceeded any January quotation for about 15 years. Soy-bean futures were highest on record in brisk trading. Cotton futures ran up to new twelve-year peaks and are nudging the \$100-per-bale level.

Passage of the price-control bill stimulated a heavy buying wave which, in turn, was followed by heavy profit-taking. "Parity" carries prices of farm products up along with the rise in the farmers' cost of living. Domestic and lend-lease purchases are creating demand seemingly sufficient for all offerings.

Secretary of the Treasury Henry Morgenthau last Saturday in Cleveland, climbed out on a limb. He advocated taxation of outstanding, as well as future, issues of currently exempt state and local bonds. On Monday, when the howls of protest rose and prices of municipal bonds dropped 2 and 3 points, the Secretary back-tracked a bit and denied that the Treasury had any intention of asking for legislation to tax federal government issues. But he hasn't yet accepted a challenge to debate the question with Henry Epstein, Solicitor General of New York, who condemned the attempt to tax outstanding issues as "a flat contradiction of every principle of governmental integrity." The Secretary explained that he didn't intend to break or circumvent "the contract which stands between the

federal government and holders of the federal tax-exempt securities." But he added that "no contract exists between the federal government and the holders of state or municipal bonds or other securities."

• **Dealers Wary**—Markets in tax-free municipal bonds were disrupted early this week while dealers awaited clarification of the Secretary's stand. Trading was done on an "order basis" whereby dealers could refuse to purchase bonds for their own account and would conclude transactions only upon matched buy-and-sell orders. New York City transit 3% bonds fell about three points at the opening of trading on Monday. Fortunately for the city, earlier in the week it had sold \$50,000,000 of bonds, probably its last major financing until after the war (BW—Jan. 24, '42, p. 64).

• **Congress Cold**—Municipal issues were bolstered after the initial shock because the tax proposal had little support among members of the congressional tax committees, who do not expect the proposal to become part of the Revenue Act of 1942.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial ..	89.8	89.3	88.1	101.1
Railroad ..	29.0	28.5	25.1	30.0
Utility	35.1	35.4	34.0	54.7
Bonds				
Industrial ..	107.9	107.3	105.5	102.7
Railroad ...	88.2	87.4	83.8	90.5
Utility	104.9	103.9	104.0	105.6
U. S. Govt. ...	110.1	110.2	110.1	109.9

Data: Standard & Poor's Corp. except for government bonds which are from the Federal Reserve Bank of New York.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

© BUSINESS WEEK

business, they at once began organizing a campaign to block the requirement of "full disclosure" for the companies with \$3,000,000 or more of assets.

• **Dunn Sounds Off**—When the House committee opened its hearings on the amendments it was just a question of how long before the blowoff on listing would come (BW—Nov. 1 '41, p. 55). It came this week. Frank Dunn, for the New York counter dealers, fumed that the Curb's facilities are still geared to 1929 speculative activity, that the stock exchanges' solicitude for the public "is open to suspicion."

The N.A.S.D. received welcome aid from the National Assn. of Manufacturers which, on behalf of its unlisted members, opposed attempts to bring hundreds more companies under the disclosure provisions of the law. Frayser Jones, chairman of the association's subcommittee on industrial financing, told the committee that the proposals would impose a burden wholly out of proportion to the public benefits, especially at a time when all efforts should be directed toward winning the war.

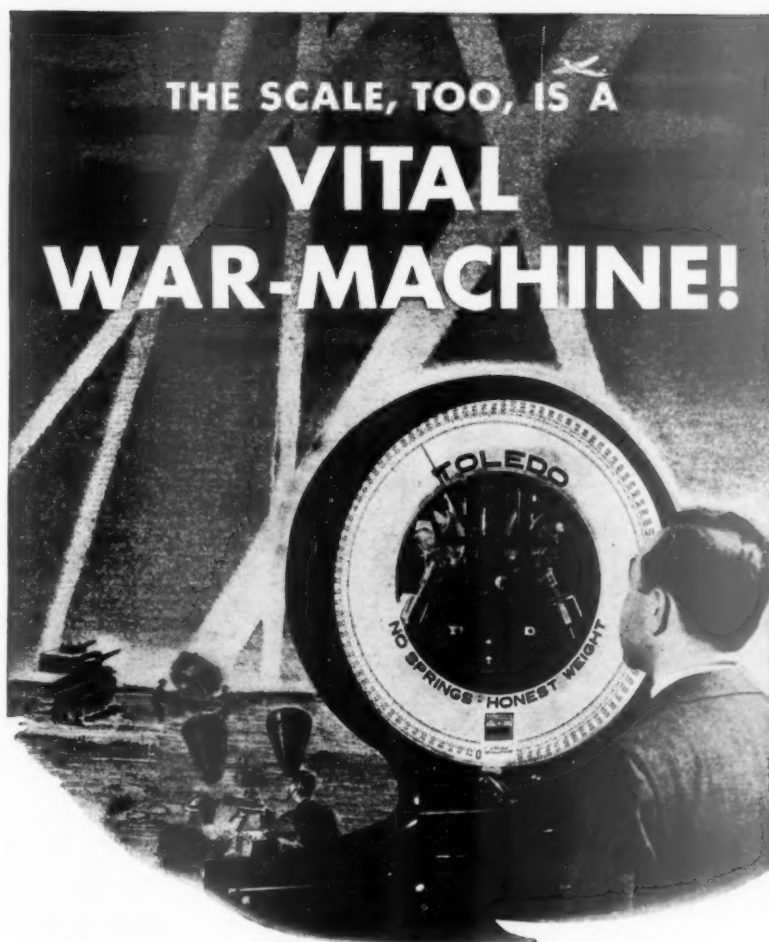
• **Exchanges' Argument**—In other words, Mr. Jones took direct issue with the stock exchange representatives. They have urged all along, and so testified before the committee, that the object in disclosure for unlisted companies was to iron out an inequity in the law which enables those that don't list to escape their duty of keeping stockholders and public informed on their affairs.

Currently, the investment bankers and the dealers are facing another problem of paramount importance. The SEC has challenged their right to float new issues in the traditional way—by signed agreements for maintenance of uniform prices by all sellers. This has been cited by the SEC as potentially in restraint of trade, and hearings have been called for next month. Dealers now are organizing to face that threat as well as the listing drive.

BIG GAIN FOR INSURANCE

Life insurance in December set the highest sales record since April, 1930, aided by a big selling campaign based on the fact that most companies were about to invoke war-risk clauses and many were ready to raise rates on Jan. 1. Volume rolled up to \$1,141,316,000.

Only catch in the whopping December total is that it doubtless simply borrows from the 1942 market to the extent that the December figures were padded by the extraordinary sales incentives prevailing at the close of 1941. The companies now are very carefully revising sales policies in the light of the many changes in the market caused by complete mobilization of the country's man power and the crimp taxes are putting in middle and high income brackets.



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COMMODITIES

Curb on Sweets

Existing limitations on use of sugar bring repercussions, and inventories now are frozen to aid rationing.

Some details about the new sugar rationing program, predicted last week (BW—Jan. 24'42, p65), were announced this week. The plan probably will bring some of the staple out of warehouses where it is being hoarded, and apportion deliveries where they will be most needed.

● **Inventory Freezing**—Sugar wholesalers, jobbers, and industrial users will be allocated a percentage of the amount used or resold by them during a corresponding base period of 1941. February allocations are 80% of the amount used or sold in February, 1941. These consumers will be permitted to use inventories equal to a 60-day supply plus two carloads of sugar. Inventories over this amount remain frozen. All sellers of refined sugar must forward to the government a complete alphabetical list of their customers who bought sugar last year.

There are, however, no limitations on either inventory withdrawals or total shipments to the Defense Supplies Corp., War and Navy Departments, the Maritime Commission, nations resisting aggression, lend-lease exportation, manufacturers of health supplies, or retailers selling to military or naval reservations.

● **Provisions for Public**—For the ultimate consumer, sugar sales will be restricted to 12 ounces a week for each person. Total amount to be consumed per person, however, will be almost a pound a week, as consumption of persons eating in hotels, restaurants, and clubs is taken into consideration. Normal consumption amounts to about 1½ pounds a week plus about nine ounces in processed form; canned foods, candy, and soft drinks.

"The Army and Navy need alcohol derivatives from sugar to make smokeless powder. Thus saving on sugar means powder for our soldiers and sailors," explained Price Administrator Leon Henderson.

The Office of Price Administration, which will administer the sugar plan, is printing ration books containing coupons to be torn off each week as the consumer purchases his allotment of sugar. Already some restaurants are doling out the sweet by the spoon or lump, and have removed the dispensers from the table.

THE TRADING POST

Picnic Ground Training

From Pearl Harbor comes the belated saga of a hero who got his training in the primrose path but who put it to work with deadly effect in the day of need.

It appears that when the airmen of Nippon sailed over to do their stuff, the commander of a gun-crew on one of the destroyers found himself shy a man who was on shore liberty. So he pressed into service as third shell man one of the water-tenders. The lad from the fire-room fell to with a will at his new job of uncapping the shell fuses—that is, removing the metal safety caps that fit over the fuses while they are stored in the magazine.

To do this job normally calls for a pretty husky yank on a special wrench designed for the purpose. But right in the middle of the action, the officer noticed that his emergency crew member was uncapping the fuses with his teeth. It seems that he didn't know just where to lay his hands on the wrench.

"For weeks," says the officer, "my jaws ached whenever I recalled it."

Later, after the destroyer had put to sea, he had a chance to ask the water-tender how come he had what it takes to handle such a job.

"Oh, that's easy, sir," explained the man with the iron jaw, "you see I got my training uncapping beer-bottles at picnics."

So the great American picnic, all unheralded, is doing its bit on the battlefield. And who knows what other American institutions may yet find their places in the ranks?

"True Steel"

Christy Borth has written another book. Like his "Pioneers of Plenty," it finds its inspiration in American industry. The earlier book told the story of chemurgy, the science of converting vegetable matter—that is, farm products—into new industrial commodities.

Naturally, chemurgy still has its future ahead of it. Its story, as Mr. Borth's title implies, is one of pioneering things to be. Its men are explorers, staking out and mapping new ways over which the industries of tomorrow can march to new accomplishment. "Pioneers of Plenty" is a forecast of things to come.

But the new book, "True Steel," is a work of retrospect. It is subtitled "The Story of George Matthew Verity and His Associates." And being the story of Mr. Verity, it is the story of the American Rolling Mill Co.

As a piece of biography, "True Steel" must be a work of retrospect. But even

here Mr. Borth writes with an eye to future. For Mr. Verity saw ahead of his times and, having faith in what he saw, contrived to live ahead of them. And, what is more important, he succeeded in taking other men along with him who dared to adapt their visions of tomorrow to their work of today. So it comes about that this fragment of the past may help some of us to discern a gleam of hope for the future.

The story is of steel. But it is not the conventional story of sheer bulk, power, and mass production. Rather it is a story of small things, of limited resources, of specialized services.

As Mr. Borth describes them, most of the outstanding things done by the Armco men came about through stark necessity. Special steels for the fledgling electrical industries, deterrents to metal corrosion, special sheets for motor cars, the continuous wide-strip mill, the advertising of steel, a basic material, to ultimate users of steel products—these and other distinctive achievements of George Verity and his men were made necessary by their struggles to survive in a competitive world of mass, bulk, and power.

In all this may be a lesson for those who seem to think that the America of the future should have no room for anything but bulk and mass and that we must, therefore, turn more and more to government for the control that would be required to keep such vast power the servant of the people rather than let it become their master. They seem to forget that so much of our real progress and our greatness—as distinct from mere bigness—has come about because there were little fellows who had to fight with their wits rather than with their weight. I suspect that it would be a sorry day for the American people if the little fellow were to be ruled off the field, in the mistaken notion that government control ever can take the place of his restless striving and heaving.

But now I find I have no space left to cite another forward-looking part of Mr. Borth's story. It's in his chapter, "Steel Without Strife," and deals with human values. It is best expressed in Mr. Verity's own statement: "My chief interest has always been human beings." It is explained by James M. Cox (former governor of Ohio and onetime candidate for President: "George Verity's outstanding quality is his ability to make people forget their prejudices."

And of all the lessons of the past that are essential to the building of a better future, that one, it seems to me is paramount. Above all else, in these snarling times, we've all got to learn how to forget our prejudices.

W.C.

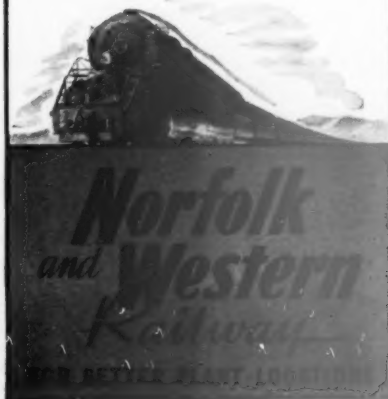
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THE TREND

WAGES, TAXES, AND PROFITS

When this week the executive council of the Congress of Industrial Organizations advised affiliated unions to seek substantial wage increases in all current or anticipated collective bargaining agreements, the country was on notice that the inflation spiral—unless stopped here and now—was on its whirling way, formally and officially. Last spring, steel, automobile, and other workers in basic industries went after wage boosts on the argument that the cost of living was beginning to rise. Today, the plea is that the cost of living has risen.

• **But the C.I.O. case does not rest there.** The organization sets forth the claim that corporation profits have increased substantially since 1939, that in 1942 they will increase further, and that, therefore, the corporations can readily absorb wage boosts and not pass on the higher costs of production to the ultimate consumer.

In effect, then, the C.I.O. wants industrial profits frozen at the '39 level. But why 1939? American corporations would hardly set it down as a banner year. True, it was slightly better than 1937, but, at \$4,000,000,000, profits were only half those of 1929; moreover, last year's profits were over \$6,000,000,000 (BW—Jan. 24 '42, p. 68). Thus, the C.I.O. requests that corporate profits be cut back \$2,000,000,000 under the 1941 level, while wage rates are pushed once more to new all-time highs.

Labor's action is understandable. So far, in the United States, a lot of us have treated defense as a national grab bag. We've preached sacrifice, but practiced "getting as usual." Most recent example of this was the farm bloc's effort to legislate agricultural prosperity, and, in the process, inflation, into the price-control bill with its demand for 120%-of-parity agricultural prices (BW—Jan. 17 '42, p. 68). Now labor wants to get all that's coming to it.

Last week's report of the Vinson Committee on naval contract profits was hardly calculated to lessen such demands. The fact that it covered only a minute sample of completed contracts did not deter the committee from citing "excessive and unconscionable profits," though the actual record implies, if anything, that profits were small, as you can see:

Contracts	Selling Price	Contractors' Costs	Profits	% Profit
Completed	\$719,936,229	\$675,785,112	**\$44,143,117	6.53
Uncompleted	\$3,169,232,531	\$2,925,516,200	\$243,716,331	8.33

* The profit is figured on cost. ** The report's subtraction does not check.

• **The committee, furthermore, confesses the incompetence of its own data by saying:** "It was difficult to determine whether the profit was before or after taxes." In short, the report doesn't know what it's talking about. And if it's talking about profits before taxes, then the average rate of profit per contract would run from about 3.27% to 4.17%, instead of 6.53% to 8.33%—for the effective tax rate on corporations is somewhere around

50% these days. Beyond that, the report's exclamatory citation of profit percentages on small and isolated contracts—for example 68% on a \$181 contract, or 247% on a \$1,033 contract—is downright misleading. For, as the averages show, the good, high-profit contracts are items in a total that includes bad, low-profit, or even loss contracts. In the aggregate the highs and lows tend to wash out.

• **But the impression left with the general public is one of widespread profiteering.** Naturally labor leaders, on the basis of such evidence, will insist on getting theirs!

And now—if ever—is the time for the Administration to step in and moderate such demands. For if wages go up some more, the entire dog-chasing-tail process of inflation will start anew.

Yet the Administration cannot realistically expect workers to accept a ceiling on wage boosts tractably. Some quid pro quo must be offered. The workers must be convinced that prices will be held in check, the additional advances in living costs will be kept down to a minimum, that—and this is all-important—corporation profits will not be permitted to get out of hand. For, as hardheaded business men realize only too well, corporate profit is inevitably a target for union leaders during wage negotiations.

The implications are not pleasant. The Administration may decide that some limitation on profit increases is necessary "for the duration"—not because profits are too high, but as an anti-wage-boost, anti-inflation device. The coming tax bill may provide the answer on method. Taxes are likely to be used for a double purpose: not only to raise revenues but to hold corporate profits in check. And then, in a very real sense, we may well have profitless increases in production. Corporations will work harder but earnings will be limited.

• **This suggests that some new measure of evaluating corporation performance—business management, if you will—is in order.** Heretofore, the business man has been judged by his corporation's net income after taxes. If net went up, management was "good"; if net went down, "not so good." But if taxes are to be deliberately used as a stop on earnings, then obviously net income no longer is a sound measure of management's performance. For, as profits rise, taxes will take them away.

A far more realistic standard would be net before taxes. Though it would not appeal to accountants or provide a base for corporate dividends, at least it would show how management made out before the Treasury contrived to draw off earnings improvement and it would permit true comparisons with previous years.

The Editors of Business Week

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